

DEC 02 1999

Reply to
Attn. of:

CACFP-595

Subject:

Child and Adult Care Food Program (CACFP) Eligibility Guidance for Centers

To:

STATE AGENCY DIRECTORS -
(Child Nutrition Programs)

Colorado DPHE, Iowa, Kansas, Missouri
DH, Montana DPHSS, Nebraska ED,
North Dakota, South Dakota, Utah and
Wyoming ED

The Midwest Regional Office (MWRO) took the tremendous task of developing the CACFP Eligibility Guidance for Centers. We appreciate the initiative taken by the MWRO to compile this long, overdue guidance, which States can use as a resource manual. Attached is a copy of the guidance material that you can photocopy. You may also request that we send you a disk. The guidance has been zipped to fit onto a disk, and will have to be unzipped through software you have available (WinZip or other) in order to be accessed. The entire guidance, including the cover, is in Word 95.

The guidance has been divided into two sections. The first section is designed to contain information directly applicable to center staff. The second section is included to provide additional information on State requirements that may be helpful for centers. Additionally, there is a sample application self-test, along with select sections of the Code of Federal Regulations.

We recommend that State-developed forms be added to complete this guidance. Space has been provided for an appendix (page 57), where you can provide any forms you feel would be beneficial. We suggest that, at a minimum, samples of your letters to households, and Free and Reduced-Price Income Applications be included. These forms are referenced in Section II of the guidance.

If you need additional information or would like a disk, please contact Sharon Bevan at (303) 844-0359.

Darlene Sanchez
ANN C. DEGROAT
Regional Director
Child Nutrition Programs

Attachment

cc: Terry Bowman, SNP Director, MWRO

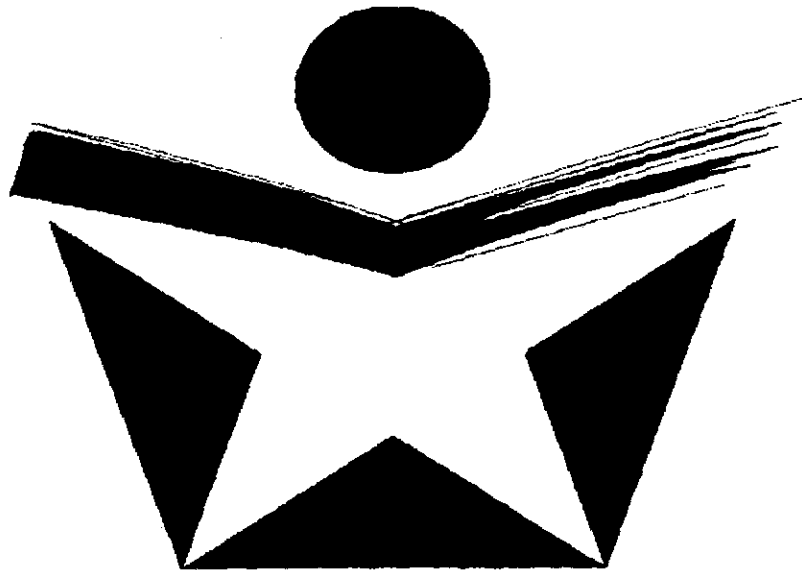


United States
Department of
Agriculture

Food and
Nutrition
Service

The Child and Adult Care Food Program (CACFP)

Eligibility Guidance For Centers



CACFP

*Building for
the Future*

The Child and Adult Care Food Program Eligibility Guidance For Centers

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Introduction

This guidance focuses on the responsibilities of child care and adult care centers participating in the Child and Adult Care Food Program (CACFP) for determining participant eligibility for free and reduced-price meals. This guidance can serve as a reference and instructional manual. It is intended to be used in conjunction with all the information (manuals, forms, documents, etc.) you have received from your State.

This guidance is intended to offer operational information as interpreted from the *Code of Federal Regulations*, part 226. You are encouraged to read the entire manual, however there may be information included that may have limited usage in your program. The first section is more applicable to day-to-day operations at the center. The information in Section II includes information that State administering agencies need to know. It is provided for background to give a more thorough understanding of the Federal requirements. A sample application self-test containing erroneous applications is also included in this guidance. The self-test is provided to assist with recognizing potential problems, and appropriate responses. The appendix contains State forms that should be helpful for reference while reading this guidance. Lastly, we have included Sections 226.2 and 226.23 of the *Code of Federal Regulations* for your information.

Child care and adult care centers should be sure to discuss all program details, such as forms, requirements and operating procedures with the State administering agency, since States may have additional requirements.

General

Child care and adult day care centers are permitted to claim reimbursement for free, reduced-price and paid meals in accordance with the *Code of Federal Regulations*, Part 226, and as explained in this guidance.

State agencies must issue free and reduced-price policy guidance to centers, as well as any other instructions necessary to assure that centers are aware of Federal and State requirements pertaining to the CACFP.

All child care centers and adult day care centers participating in the CACFP must make meals or snacks available to all eligible enrollees in attendance who wish to participate in the Program. Centers not charging separately for meals are **non-pricing programs**. Centers that serve meals at a separate, identifiable charge to participants are **pricing programs**. This guidance is intended to be used by both programs. Every attempt has been made to clearly identify differences between the two programs. Distinctions will be made throughout this guidance, and care must be taken to correctly identify the differences between the two programs.

SECTION I

Processing Applications

For a participant to receive free or reduced-price benefits, the center must have approved an application for the household, and have determined the participant to be either categorically eligible or income eligible. The center must retain a complete application on file for each child or adult served a meal claimed for free or reduced-price reimbursement.

Categorical eligibility: children who are members of food stamp or Food Distribution Program on Indian Reservations (FDPIR) households, or Temporary Assistance for Needy Families (TANF) assistance units, are considered automatically eligible for free meals. Adults who are members of food stamp or FDPIR households, or if receiving Supplemental Security Income (SSI) or Medicaid, are considered automatically eligible for free meals.

Income eligibility: children or adults who are members of a household whose current income is at or below the household size/income levels set forth in the current year's Income Eligibility Guidelines (IEGs). These applicants are eligible for free or reduced-price meals as appropriate.

Application Approval

Complete applications that include a valid food stamp, FDPIR or TANF case number, or SSI or Medicaid assistance identification number for the person for whom the application is made, are automatically eligible for free meal reimbursement. Complete applications, which indicate total household income at or below the income limits for free or reduced-price benefits, are approved for free or reduced-price reimbursement, as appropriate.

Each application must be reviewed by a center official who is responsible to determine eligibility. The official must initial or sign, and date each approved application, and document the eligibility period, which can be up to one year.

Institutions that are **pricing programs** need to promptly provide written notice to each family informing them of the results of the eligibility determinations. When a participant enrolled in a pricing program does not meet the eligibility criteria for free or reduced-price meals, pricing program officials must provide written notice to the family.

This notice must include:

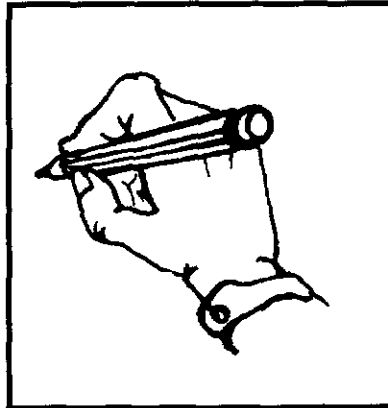
- * the reason for the denial of benefits;
- * notification of the right to appeal;
- * instructions on how to appeal; and
- * a statement reminding the household that they may reapply for free or reduced-price benefits at any time during the year.

Incomplete applications cannot be approved. Officials may return an incomplete application to the household, or contact the household either by phone or in writing. By signing the application, the household member is certifying that the information on the application is true and correct. Therefore, if the application is missing the signature of the adult household member, the application **MUST** be returned to the household.

The reasons for ineligibility should be documented and retained on file at the institution. The official should document the details of the contact(s), the date(s), and sign or initial each entry. All documentation pertaining to the CACFP should be maintained on file for a minimum of 3 years, but your State agency may have additional requirements.

Completing Applications

The following is information that must be completed by the applicant in order to be considered for eligibility.



FOR CHILDREN FROM NON-FOOD STAMP/NON-TANF/NON-FDPIR HOUSEHOLDS:

- * names of all household members, including the child(ren) for whom the application is made
- * social security number of the adult who signs the application, or an indication that the adult does not have a social security number
- * the current income received by each household member, identified by the individual who receives it, and the source of income (such as wages, child support, social security benefits)
- * signature of an adult household member

FOR CHILDREN FROM FOOD STAMP, FDPIR OR TANF HOUSEHOLDS:

- * name of the child(ren) for whom the application is made
- * food stamp or TANF case number for the child(ren), or FDPIR case number for the household
- * signature of an adult household member

FOR FOSTER CHILDREN:

- * name of the child for whom the application is made
- * indication that the child is legally a foster child
- * child's personal income
- * signature of an adult household member

FOR ADULTS FROM NON-FOOD STAMP, NON-FDPIR HOUSEHOLDS WHO DON'T RECEIVE SSI OR MEDICAID:

- * names of all household members including the adult for whom the application is made
- * social security number of the adult who signs the application, or an indication that adult does not have a social security number
- * the current income for each household member, identified by the individual who received it, and the source of income (such as wages, pension, social security benefits)
- * signature of the adult participant or an adult family member

FOR ADULTS FROM FOOD STAMP OR FDPIR HOUSEHOLDS, OR WHO RECEIVE SSI OR MEDICAID BENEFITS:

- * name of the adult for whom the application is made
- * a food stamp or FDPIR case number, or SSI or Medicaid assistance identification number
- * the signature of the adult participant, or an adult family member

Temporary Approval

If a complete application has been submitted with a total income of zero, the determining official may temporarily approve this application for up to 45 calendar days, or as otherwise stipulated by the State agency. The circumstances surrounding the temporary approval may also help to determine the time frame for the approval. At the end of the approval period, the center should contact the household to determine if the household income has changed. If the income remains at zero, the determining official should document the contact, and may again temporarily approve the application for up to 45 calendar days. If the income has changed, the center should send a new application to the household so they may re-apply.

There may be other circumstances that require temporary approval besides zero income. When a household reports a temporary decrease in income, temporary eligibility may be determined based on the present, reduced rate of income, rather than on annual income.

Eligible participants could receive temporary approval in the following types of economic situations:

- * temporary layoffs
- * strikes (voluntary work stoppage)
- * zero income
- * temporary disability of a wage earner resulting in loss of income

Emergency Approval

Emergency approval may be given to an individual without an application, in certain, rare situations. For example, a center may want to grant emergency approval to a homeless child when the necessary information can not be obtained upon enrollment. The center official is authorized to certify emergency approval of free and reduced-price meal benefits, valid for a maximum of two weeks.



Contact your State agency for more information if you feel that you have a situation that would warrant emergency approval.

Households that Fail to Apply

This option is intended for limited use in individual situations and must not be used to make eligibility determinations for categories or groups of participants.

Center officials may complete an application for a child or adult known to be eligible for free or reduced-price meals if the household fails to submit an application. The official must complete an application on behalf of the applicant based on the best known household size and income information available. An eligibility determination would then be made based on this information. The center official must indicate the source of information on the application.



Contact your State agency for more information if you feel that you have a situation that would warrant approving a child without a completed application.

Application Questions and Answers

Question: A school district has been approved under the National School Lunch Program (NSLP) to take applications every other year. This school district would like to use the same applications under its CACFP program. Is it a regulatory requirement that CACFP applications be collected yearly?

Answer: Yes, free and reduced-price applications are only valid for one year.

Question: When can a CACFP center use free and reduced-price eligibility information from another source in lieu of collecting income applications?

Answer: 1) School Food Authorities may use eligibility information collected by the school for their other programs, when the CACFP is administered by the same School Food Authority. 2) Any CACFP center or sponsor may accept a "notice of eligibility" in lieu of the income application when the notice is received by the center or sponsor directly from the household. The notice of eligibility must come from the local food stamp, FDPIR or TANF office, or from a School Food Authority. Adult day care centers may also use participation information by Food Stamp, SSI, FDPIR or Medicaid offices, when this information is provided to the center by the household. Since the household would be submitting the information voluntarily, there would not be an issue of confidentiality. A copy of the submitted letter should be kept on file. 3) When a participant is enrolled in a Federal Head Start program, qualifying because of income, an income application for the CACFP is not needed. That participant would qualify for free meals based on the Head Start eligibility.

Question: The Head Start Program collects income data when the child enters the Program, but the eligibility covers a two-year period. Based on this system should an application for CACFP participation be required for the second year?

Answer: No. According to Federal Policy, titled, "Automatic Eligibility for Free Meals for Participants in the Federal Head Start Program", if a child has been found income eligible and is participating in a Federal Head Start Program, he or she remains income eligible through that enrollment year and the immediately succeeding enrollment year.

Question: If a child spends 50% of the time with one parent, and 50% of the time with another parent, which parent should complete the application for free or reduced-price meals?

Answer: Since residential and financial support is 50/50, an application could be completed by the party who claims the child as a dependent for tax purposes. Another option would be to solicit an application from each household, and base eligibility on the appropriate application. Under this option, the child's eligibility could change monthly, weekly, or even daily, depending on the rotating time periods for each household. This might not be feasible for institutions using blended rates of reimbursement.

Determining Eligibility

Household Size

The center must compare the household size and the total household income to the IEGs for the current year. The following guidelines and definitions should be helpful in determining household size.

Household (Family) for a child participant: A group of related or unrelated individuals who are not residents of an institution or boarding house, but who are living as one economic unit. As one economic unit they would share housing and/or significant income and expenses of its members. Generally individuals residing in the same house are one economic unit. However, if more than one economic unit reside together in the same house, they are usually characterized by prorating expenses and having economic independence from one another.

Household for an adult participant: the adult participant and, if residing with the adult participant, the spouse and dependent(s) of the adult participant.

Household Size Special Situations

Adopted child: an adopted child is one for whom a household has accepted legal responsibility, and is considered to be a member of the household.

Child attending an institution: a child who attends but does not reside in an institution is considered a member of the household in which he/she resides.

Child away at school: a child who is temporarily away at school (e.g. boarding school or college) should be counted as a member of the household.

Child living with one parent, relative or friends: in cases where no specific welfare agency or court is legally responsible for the child or where the child is living with one parent, other relatives or friends of the family, the child is considered to be a member of the household with whom he/she resides.

Children of parents who are foster parents: when foster parents apply for benefits for their own children or parents, they should not include foster children as household members. Additionally, the payments provided for the care of the foster child should be excluded as income to the household.

Family members living apart: family members living apart on a temporary basis are considered household members. Family members living away from the household for an extended period of time are not considered members of the household for purposes of determining eligibility. Any money made available by family members living outside of the household, or on their behalf for the household, is included as income to the household.

Foster child: a foster child is a child who is living with a household but who remains the legal responsibility of the welfare agency or court. Such a child is considered a household of one.

Institutionalized family members: an institutionalized spouse or other member of the household away for extended periods, should not be considered a member of the household.

Joint custody: in cases where joint custody has been awarded, and the child physically changes residence, the child is part of the household where he/she resides. Therefore, the child's eligibility could change depending on the rotating time periods of each household.

Household Size Questions and Answers

Question: If a family member is away on military duty, should that person be considered to be temporarily living apart from the household or away for an extended time period?

Answer: No. Family members that are living in a separate location due to a military assignment is an example of a temporary arrangement. The family member should continue to be counted as a household member

Question: A foster child has recently been adopted by his foster family, yet the family still receives some foster care payments. Should the foster child be considered a household of one for purposes of establishing income eligibility?

Answer: No. All household members should be listed on the application, and all income, including foster care payments should be reported.

Question: Which household and what income should be considered when determining program eligibility in a center for a foster child's baby?

Answer: The baby should be included in the foster parent's household unless the foster care agency considers the baby to be part of the foster child's economic unit. When determining the foster parent's income, foster care payments, as always, would be excluded. A foster child's baby would be considered a one person household only if the baby is legally defined, or considered a foster child.

Household Income

Households must report their current income on the income eligibility statement. Current income means income received by any member of the household during the month prior to application. If this income is higher or lower than usual, and does not accurately represent the household's actual circumstances, the household may project its annual rate of income based on guidelines identified below.

Income: any money received on a recurring basis, including gross earned income (unless specifically excluded by legislation). Specifically, gross earned income means all money earned before such deductions as income taxes, employee's social security taxes, insurance premiums and bonds. Income includes the household's gross earnings, wages, welfare, pension, alimony and child support payments, unemployment compensation, social security and additional cash received or withdrawn from any other sources, including savings, investments, trust accounts and other resources.

Income that must be reported includes:

Earnings from work: Wages, salaries, tips, commissions, net income from self-owned businesses and farms, strike benefits, unemployment compensation, and worker's compensation.

Welfare/child support/alimony: public assistance payments, welfare payments (TANF benefits in certain States, General Assistance, General Relief, etc.), alimony, and child support payments. Food Stamp benefits should **not** be reported.

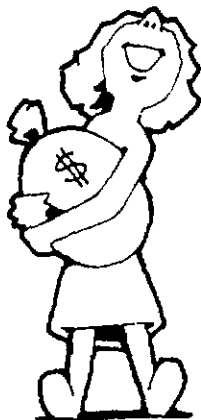
Pensions/retirement/social security: pensions, retirement income, social security, supplemental security income, and veteran's payments.

Other income: Net rental income, annuities, net royalties, disability benefits, interest, dividend income, cash withdrawn from savings, income from estates, trusts, and/or investments, regular contributions from persons not living in the household, and any other money that may be available to the family.

Income Exclusions

Some income does not have to be reported or counted as income in the determination of a household's eligibility for free and reduced-price benefits.

Income that does not have to be reported includes:



Student financial assistance: provided for the costs of attendance at an educational institution, such as grants and scholarships, awarded to meet educational expenses.

Loans: such as bank loans, since these funds are only temporarily available and must be repaid.

The value of in-kind compensation: such as military on-base housing or any other noncash benefit.

Occasional earnings: received on an irregular basis and not recurring. Examples include occasional baby-sitting, mowing lawns and tax refunds.

Foster payments: payments received by the welfare agency for the care of the foster child should not be considered income to the household when the foster parents are applying for benefits for their children or parents. Foster payments should be considered income to the foster child's household only.

Cash income or benefits from Federal programs that are excluded by legislation include:

1. the value of assistance to children and their families under the National School Lunch Act, the Child Nutrition Act of 1966, and the Food Stamp Act of 1977;
2. reimbursements from the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;
3. any payment to volunteers under title I (VISTA and others) and Title II (RSVP, foster grandparents and others) of the Domestic Volunteer Service Act of 1973 to the extent excluded by that Act;
4. payments to volunteers under section 8(b)(1)(B) of the small Business Act (SCORE and ACE);
5. income derived from certain submarginal land of the U.S. that is held in trust for certain Indian tribes;
6. payments received under the Job Training Partnership Act;
7. income derived from the disposition of funds to the Grand River Band of Ottawa Indians;
8. payments received under the Alaska Native Claims Settlement Act;
9. payments by the Indian Claims Commission to the Confederated Tribes and Bands of the Yakima Indian Nation or the Apache Tribe of the Mescalero Reservation;

10. payments to the Passamaquoddy Tribe and the Penobscot Nation or any of their members received pursuant to the Maine Indian Claims Settlement Act of 1980;
11. student financial assistance received under Title IV of the Higher Opportunity Grant, State Student Incentive Grants, National Direct Student Loan, PLUS, College Work Study, and Byrd Honor Scholarship Programs, to the extent excluded by the Act;
12. Agent Orange Settlement Payments to veterans, that have been excluded under Public Law 101-201;
13. payments received under the Civil Liberties Act of 1988;
14. Child Care Development Block Grant Fund (P.L. 104-193) benefits; and
15. payments made to AmeriCorp volunteers.



Since programs are periodically added to the above list, institutions should contact the State agency if there is a question of whether a specific payment should be excluded as income.

Household Income Special Situations

Alimony and child support: any money received by a household in the form of alimony or child support is considered income by the receiving household. However any money paid out for alimony or child support may **not** be deducted from a household's reported gross income.

Child's income: the earnings of a child who is a full-time or regular part-time employee must be listed on the application as income. However, occasional earnings such as income from occasional baby-sitting or mowing lawns should not be listed on the application as income.

Garnisheed wages and bankruptcy: income is the gross income received by a household before deduction. In the case of garnisheed wages and income ordered to be used in a specified manner, the total gross income must be considered regardless of whatever portions are garnisheed or used to pay creditors.

Institutionalized child's income: payments from any source directly received by the institution on a child's behalf are not considered as income to the child. Only the income a child earns from full-time or regular part-time employment and/or personally receives while in residence at the institution is considered as income.

Lump sum payments: lump sum payments or large cash settlements are not counted as income since they are not received on a regular basis. These funds may be provided as compensation for a loss that must be replaced, such as an insurance settlement. When lump sum payments are put into a savings account and the household regularly draws from the account for living expenses, the amount withdrawn is counted as income.

Military benefits: military benefits received in cash, such as housing allowances for military households living off base, and other cash allowances, must be considered as income. An in-kind benefit, such as on-base housing is not considered income, because income is defined as all cash received on a recurring basis. In-kind benefits are not cash payments and therefore are not considered income.

Groups with Special Income Circumstances

Income for seasonal or migrant workers, and self-employed individuals is allowed to be reported differently than others. It is less likely that these individuals consistently have the same income month to month. Therefore, reporting the previous month's income on the income application may not be the best way to evaluate these households for eligibility.

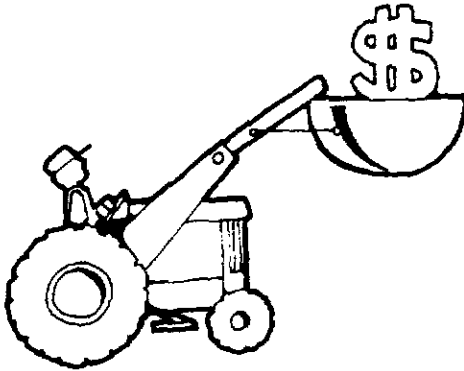
Seasonal and migrant workers: seasonal workers, migrant workers and others whose income changes from month to month are permitted to project their annual rate of income and report this amount as current income. Because of the fluctuations in income, reporting the previous month's income can often be a distortion of the households' circumstances. If the prior year's income provides an accurate reflection of the household's current annual rate of income, the prior year may be used as a basis for the projected rate of income.



Self-employed income: self-employed persons are to report net income rather than gross income. Net income for self-employment is determined by subtracting business expenses from gross receipts. Self-employed persons may use last year's income as a basis to project their current year's net income, unless their current net income provides a more accurate measure. For households with income from wages and self-employment, each amount must be listed separately.

When there is a business loss, income from wages may not be reduced by the amount of the business loss. If income from self-employment is negative, it should be listed as zero income.

- * Gross receipts include the total income from goods sold or services rendered by the business.
- * Deductible business expenses include the cost of goods purchased, rent, utilities, depreciation charges, wages and salaries paid, and business taxes (not personal Federal, State or local income taxes).
- * Non-deductible business expenses include the value of salable merchandise used by the proprietors of retail businesses.

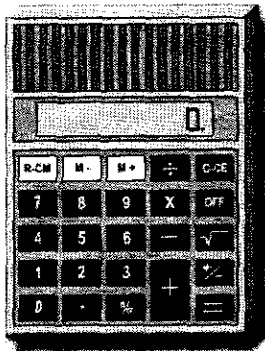


Income for the self-employed farmer: net income for the self-employed farmer is figured by subtracting the farmer's operating expenses from the gross receipts.

- * Gross receipts include the value of all products sold; money received from the rental of farm land, buildings, or equipment to others; and incidental receipts from the sale of items such as wood, sand, or gravel.
- * Operating expenses include cost of feed, fertilizer, seed, and other farming supplies, cash wages paid to farm hands, depreciation charges, cash rent, interest on farm mortgages, farm building repairs, and farm taxes (not Federal, State or local income taxes).

Computation of Income

If a household is not applying under food stamp, FDPIR, TANF, SSI, or Medicaid benefits, the household must report the amount of gross income. When documenting the total income, the applicant should report the previous month's income, (for example, if the application is to be submitted in September, use the income figures from August when applying). On the application, income must be identified with the individual who received it, and its source.



It is the responsibility of the center official to compute the household's total current income and compare the total amount to the current year's IEGs.

Households may report income for different time periods (e.g. weekly, monthly, every two weeks). The center official should convert all reported incomes to the same time period (such as converting all to the monthly amount), and total the incomes to determine total household income. The official must then compare this figure and the household size to the IEGs to determine the household's eligibility.

To Convert Incomes

- * if income is received EVERY WEEK, multiply the total gross income by 4.33 to determine the monthly gross income
- * if income is received EVERY TWO WEEKS, multiply the total gross income by 2.15 to determine the monthly gross income
- * if income is received TWICE A MONTH, multiply the total gross income by 2 to determine the monthly gross income

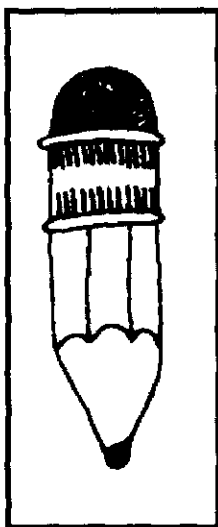
Household Income Questions and Answers

Question: Are TANF benefits considered income?

Answer: Yes.

Question: Are "per capita" payments received by members of Indian tribes counted as income under the CACFP?

Answer: Yes. Income is any money received on a recurring basis, including gross earned income (unless specifically excluded by regulation). While several exclusions involve payments to members of certain Indian tribes under specific conditions, no income exclusion for "per capita" payments to any tribal members is listed.



Question: If a person is receiving maintenance payments from a former spouse in the form of direct payments to a utility company, is this considered income?

Answer: No. This is an example of an in-kind payment and should not be reported as income.

Question: Are employee deductions such as pre-tax 401K contributions and insurance payments considered part of "gross income"?

Answer: Yes. The base salary before deductions needs to be reported as income.

Question: In determining income eligibility, should a provider report foster care payments received as part of the household income?

Answer: No. These payments are for expenses associated with caring for a foster child. The payments are not considered as income when determining eligibility for CACFP meal benefits.

Question: A family has recently moved to the U.S. from another country, and none of the family members are employed. However, the family does have a substantial bank account. Should the money withdrawn from savings to meet living expenses be reported as income for purposes of CACFP free or reduced-price meal eligibility?

Answer: Yes. Income to be counted in determining free or reduced-price meal eligibility includes cash amounts withdrawn from any source including savings, investments, trust accounts, and other resources, which would be available to pay the price of a meal.

Question: If a foreign college student received grant money from his home country to attend school in the U.S., is this financial assistance also excluded when reporting income on the application for free or reduced-priced meals? If so, is it questionable to see \$0 income reported?

Answer: Income NOT to be reported includes student financial assistance provided for the costs of attendance at an educational institution, such as grants and scholarships, awarded to meet educational expenses and not available to pay for meals. The household is obliged to report any income that may be available to pay for the child(ren)'s meals. This would include any money provided to the student for living expenses.

Question: When completing the application for free and reduced-priced meals, is a household obligated to report the amount of money they routinely withdraw from a bank account to pay for monthly expenses? This would be money that is from a regular paycheck.

Answer: No. Although cash withdrawn from savings is to be reported, this only applies when such savings constitutes monies in addition to what is reported as wages, salaries, tips and other earnings from work. If the cash withdrawn is from a savings account that is replenished with earnings from work, reporting such withdrawals would essentially be reporting the same dollars twice.

Question: If TANF is provided to a household on behalf of one child, whom the household has legal custody of, does the TANF count as income to that household?

Answer: Yes. The TANF should be counted as income to the household, except if the welfare agency has stipulated that the funds be solely used for the care of the one child—as in paying for medical expenses. If there are no stipulations, the money is income to the household. The child receiving TANF remains categorically eligible for CACFP, but the other children must qualify by household income standards.

Question: If a food stamp eligibility letter indicates an expiration date for food stamp benefits that is earlier than the one year period of CACFP eligibility, should CACFP approval be limited to that date?

Answer: No. The household letter advises the household of their responsibility to notify the center when eligibility for food stamps or TANF expires or when household income or size changes.

Question: If a school uses direct certification to establish free meal eligibility for students, can an outside-school-hours care center use the same data to establish free meal eligibility for some of its enrolled participants?

Answer: Yes, as long as the outside-school-hour care program and the school are administered by the same entity.

Question: On line 15a of the 1040, households are required to report IRA rollover funds even though this money is not available to the household. Should the IRA rollover funds be reported as income for CACFP eligibility purposes?

Answer: No. Only the portion of an individual's IRA account that is provided as income should be reported as income for CACFP purposes.

Question: When reporting income on the free and reduced-price meal application, should a household report a high school student's income from a part time job?

Answer: Yes.

SECTION II

Free and Reduced-Price Policy Statement

At the time a center applies for CACFP participation it must submit a written policy statement concerning free and reduced-price meals. This policy must be applied uniformly to all child care and adult day care facilities.

The free and reduced-price policy statement for **non-pricing programs** must contain:

1. an assurance to the State agency that all participants are served the same meals at no separate charge, regardless of race, color, national origin, sex, age or disability; and
2. an assurance that there is no discrimination in the operation of the food service.

The free and reduced-price policy statement for **pricing programs** must contain:

1. the specific criteria to be used in determining eligibility for free and reduced-price meals (these standards must conform to the current year's IEGs);
2. an assurance that there is no discrimination in the operation of the food service;
3. a description of the method(s) to be used in accepting applications from families for free and reduced-price meals. These methods must ensure that applications are accepted from households on behalf of children who are members of:
 - * TANF assistance units;
 - * Food FDPIR or food stamp households; oradult participants, who are members of:
 - * Food stamp or FDPIR households; or
 - * SSI or Medicaid assistance units.
4. a description of the method(s) to be used to collect payments from those participants paying the full or reduced-price of the meal which will protect these participants from identification;
5. an assurance that there will be no overt identification of free and reduced-price meal recipients and no discrimination against any participant on the basis of race, color, national origin, sex, age or disability;
6. an assurance that the charge for a reduced-price lunch or supper will not exceed 40 cents, that the charge for a reduced-price breakfast will not exceed 30 cents, and that the charge for a reduced-price supplement will not exceed 15 cents; and

7. an assurance which provides that the institutions will establish a hearing procedure to be used when benefits are denied or terminated as a result of verification. Such a hearing procedure must include:
- * a simple, publicly announced method for a family to make an oral or written request for a hearing;
 - * an opportunity for the family to be assisted or represented by an attorney or other person in presenting its appeal;
 - * an opportunity for the family to examine, prior to and during the hearing, the documents and records presented to support the decision under appeal;
 - * that the hearing shall be held with reasonable promptness and convenience to the family, and that adequate notice shall be given to the family as to the time and place of the hearing;
 - * an opportunity for the family to present oral or documentary evidence and arguments supporting its position;
 - * an opportunity for the family to question or refute any testimony or other evidence and to confront and cross-examine any adverse witnesses;
 - * that the hearing shall be conducted and the determination made by a hearing official who did not participate in making the initial decision;
 - * that the determination of the hearing official shall be based on the oral and documentary evidence presented at the hearing and made a part of that hearing record;
 - * that the family and any designated representatives shall be notified in writing of the decision of the hearing official;
 - * that a written record shall be prepared with respect to each hearing, which shall include the decision under appeal, any documentary evidence and a summary of any oral testimony presented at the hearing, the decision of the hearing official, including the reasons therefore, and a copy of the notification to the family of the decision of the hearing official; and
 - * that such written record of each hearing shall be preserved for a period of three years and shall be available for examination by the family or its representatives at any reasonable time and place during such period.

Public (Media) Release

Annually, each institution must provide a public release to the information media (local newspaper, local cable TV station, radio, etc.) serving the area from which the institution draws its attendance.

The public release for all **non-pricing child care centers** must include:

- * the announcement of the availability of meals at no separate charge;
- * the announcement that children who are members of TANF assistance units, food stamp or FDPIR households are automatically eligible to receive free meal benefits;
- * the statement that meals are available to all participants without regard to race, color, national origin, sex, age or disability; and
- * the current year's IEGs for free and reduced-price meals.

The public release for **pricing child care centers** must include:

- * the announcement of the availability of free and reduced-price meals to the child participants meeting the approved eligibility criteria;
- * the announcement that children who are members of TANF assistance units, food stamp or FDPIR households are automatically eligible to receive free meal benefits;
- * the statement that meals are available to all participants without regard to race, color, national origin, sex, age or disability; and
- * the current year's IEGs for free and reduced-price meals.

The public release for **non-pricing adult care centers** must include:

- * the announcement that meals are available at no separate charge;
- * the announcement that adult participants who are members of food stamp or FDPIR households or who are SSI or Medicaid participants are automatically eligible to receive free meal benefits;
- * the statement that meals are available to all participants without regard to race, color, national origin, sex, age or disability; and
- * the current year's IEGs for free and reduced-price meals.

The public release for **pricing adult care centers** must include:

- * the announcement of the availability of free and reduced-price meals to the adult participants meeting the approved eligibility criteria;
- * the announcement that adult participants who are members of food stamp or FDPIR households or who are SSI or Medicaid participants are automatically eligible to receive free meal benefits;
- * the statement that meals are available to all participants without regard to race, color, national origin, sex, age or disability; and
- * the current year's IEGs for free and reduced-price meals.

Letters to Households

Along with the income application, all programs must distribute a letter to the households of children or adults enrolled in their facility. The purpose of this letter is to inform the households that the CACFP is available, and that their household may be eligible for free or reduced-price meal benefits.

For **all** programs, the letter must contain:

- * the reduced-price guidelines, with an explanation that households with incomes at or below the reduced-price limits are eligible for either reduced-price or free meals (the letter must **not** contain free meal guidelines);
- * instructions on how a household may apply for free or reduced-price meals;
- * an explanation that an application cannot be approved unless it contains the complete documentation requirements;
- * the statement "In the administration of the CACFP, no person will be discriminated against because of race, color, national origin, sex, age or disability";
- * a statement that dependents of household members who become unemployed may be eligible for free or reduced-price meals during the periods of unemployment, provided that the loss of income causes the family income to be within the eligibility standards for free or reduced-price meals;
- * for programs serving children, a foster care statement which states that, in certain cases, foster children may be eligible for free or reduced-price meals regardless of the income of the household in which they reside. The center or sponsor may also wish to include instructions on how to complete the application for a foster child; and
- * an explanation that:
 - households receiving free or reduced-price benefits based on income and household size information must notify center officials of any decrease in household size, or any increase in income over \$50 per month or \$600 per year; and
 - households that provide a food stamp, FDPIR or TANF case number, SSI or Medicaid number in lieu of income information, must notify the center of any termination of benefits for such participants, and may reapply using income information.

In addition to the preceding requirements, the household letter used by **pricing programs** must also contain:

- * a notification to the applicant that the information they provide may be verified at any time during the year; and
- * instructions to a family on how they may appeal an institution's decision to deny or terminate eligibility, or reduce benefits.



*See Appendix for sample household letter

Free and Reduced-Price Income Applications

Required Contents of Income Applications

All child program applications must contain:

- * a request for the name(s) of all children for whom the application is made, along with all names of other household members;
- * a request for the social security number for the adult household member who signs the application, or an indication that he/she does not have a social security number;
- * a request for the current income received by each household member identified by source of income;
- * a request for food stamp, TANF, FDPIR or other qualifying program case number;
- * a request for the signature of an adult member of the household;
- * a foster care statement which states that : “In certain cases, children in foster care are eligible for free and reduced-price meals regardless of household income. If such children are living with you and you wish to apply for such meals, please contact us.” In lieu of this statement, the center may include on the form the instructions on how to apply for benefits for a foster child;
- * a statement directly above the signature block to certify that : (1) the person signing is furnishing true information and to advise that person that the application is being made in connection with the receipt of Federal funds; (2) that center officials may verify the information on the application; and (3) that deliberate misrepresentation of the information may subject the applicant to prosecution under State and Federal criminal statutes; and
- * a Privacy Act statement which states “Section 9 of the National School Lunch Act requires that, unless a food stamp, FDPIR or TANF case number is provided for your child, you must include a social security number on the application. This must be the social security number of the adult household member signing the application. If the adult household member signing the application does not possess a social security number, he/she must indicate so on the application. Provision of a social security number is not mandatory, but if a social security number is not provided or an indication is not made that the adult household member signing the application does not have one, the application cannot be approved. This notice must be brought to the attention of the household member whose social security number is disclosed. The social security number may be used to identify the household member in carrying out efforts to verify the correctness of information stated on the application. These verification efforts may be carried out through program reviews, audits and investigations, and may include contacting employers to determine income, contacting a

food stamp or welfare office to determine current certification for receipt of food stamps or TANF benefits, contacting the State employment security office to determine the amount of benefits received, and checking the documentation produced by household members to prove the amount of income received. These efforts may result in loss or reduction of benefits, administrative claims, or legal action if incorrect information is reported.”

Note: TANF may be replaced with the appropriate State approved equivalent.

When disclosing or using the social security number provided by the household on the application for any purpose other than the program for which the number was collected, the determining agency must modify the Privacy Act notice concerning the potential uses of the social security number. The notice must inform households of the additional intended uses of the number.

All adult program applications must contain:

- * a request for the name of the adult for whom the application is made;
- * a request for the names of all other household members;
- * a request for the social security number of the adult household member who signs the application, or an indication that he/she does not have one;
- * a request for the signature of the adult applying for the program, or other adult family member;
- * a request for the food stamp or FDPIR case number, or SSI or Medicaid assistance number;
- * a request for the income received, identified by source of income;
- * a statement directly above the signature block to certify that (1) the person signing is furnishing true information and to advise that person that the application is being made in connection with the receipt of Federal funds; (2) that center officials may verify the information on the application; and (3) that deliberate misrepresentation of the information may subject the applicant to prosecution under State and Federal statutes; and
- * a Privacy Act statement which states “Section 9 of the National School Lunch Act requires that, unless a food stamp case number or SSI or Medicaid assistance identification number is provided for the adult for whom benefits are sought, you must include a social security number on the application. This must be the social security number of the adult household member signing the application. If the adult household member signing the application does not possess a social security number, he/she must indicate so on the application. Provision

of a social security number is not mandatory, but if a social security number is not provided or an indication is not made that the adult household member signing the application does not have one, the application cannot be approved. This notice must be brought to the attention of the household member whose social security number is disclosed. The social security number may be used to identify the household member in carrying out efforts to verify the correctness of information stated on the application. These verification efforts may be carried out through program review, audits and investigations and may include contacting employers to determine income, contacting a food stamp or welfare office to determine current certification for receipt of food stamps, contacting the issuing office of SSI or Medicaid benefits to determine current certification for receipt of these benefits, contacting the State employment security office to determine the amount of benefits received and checking the documentation provided by household members to verify the amount of income received. These efforts may result in loss or reduction of benefits, administrative claims or legal action if incorrect information is reported."

PLEASE NOTE: When determining eligibility for adult participants, **Household** is defined as the adult participant, and, if residing with the adult participant, the spouse and dependent(s) of the adult participant.

When disclosing or using the social security number provided by the household on the application for any purpose other than the program for which the number was collected, the determining agency must modify the Privacy Act notice concerning the potential uses of the social security number. The notice must inform households of the additional intended uses of the number.



*See Appendix for sample income application

The Federal Head Start Program

The Federal Head Start Program is administered by the U.S. Department of Health and Human Services. It is a program dedicated to providing comprehensive child development services to low-income children and their families. The Federal Head Start Program regulations require that at least 90 percent of the children who are enrolled in each Head Start Program must be from low-income families. Up to 10 percent of the children enrolled may be from families that exceed the low-income guidelines. In the Federal Head Start Program, a low-income family is defined as a family whose total annual gross income is equal to, or less than 100 percent of the Federal poverty guidelines. A child would also be considered financially eligible if the family is receiving public assistance, or the child is a foster child.

During the initial enrollment, applicant families must submit an application reporting the necessary income information. A Head Start employee signs a statement identifying the documents examined and indicates that the child is eligible to participate in the Program. *Income eligibility for the Federal Head Start Program is effective for the year the application is approved, and the immediately succeeding year.*

If a child is enrolled in the Federal Head Start Program based on income, this child is automatically eligible for the CACFP without further application. However, because of differences in States, and the possible integration of State-run Head Start programs, the State agency may require that all participants, regardless of Head Start enrollment status, complete an income application.



Contact your State agency for more information on the eligibility of Federal Head Start participants in your State.

Meal Eligibility Verification

Verification is the confirmation of eligibility for free and reduced-price meals under the CACFP. Verification for individual centers must be performed by the State agency at least once every four years.

Verification for **non-pricing programs** consists of a review of all approved free and reduced-price applications on file to ensure that:

- * the application has been correctly completed;
- * that the application has been correctly classified as free, reduced-price or paid; and
- * that the institution has accurately reported the number of participants eligible for free, reduced-price and paid meals.

In addition, the State agency may conduct further verification of the information provided by the household on the approved application for program meal eligibility. However, if a food stamp, TANF, FDPIR, SSI or Medicaid case number is provided, verification shall only include confirmation that the participant is included in a currently certified food stamp or FDPIR household or TANF assistance unit; or currently certified to receive SSI or Medicaid benefits.

Verification for **pricing programs** consists of a review of all approved free and reduced-price applications on file to ensure that:

- * the application has been correctly completed;
- * that the application has been correctly classified as free, reduced-price or paid; and
- * that the institution has accurately reported the number of participants eligible for free, reduced-price and paid meals.

Pricing programs will also include verification of the income information provided on the application for free and reduced-price meals. The income verification for pricing programs will be conducted on a random sample of no less than three percent of the approved free and reduced-price applications of an institution.

Also, the State agency may conduct further verification of the other information required on the application. However, if a food stamp, TANF, FDPIR, SSI or Medicaid case number is provided, verification shall only include confirmation that the participant is included in a currently certified food stamp or FDPIR household or TANF assistance unit; or currently certified to receive SSI or Medicaid benefits.

If the verification results, from either **pricing or non-pricing programs**, disclose that an institution has inaccurately classified or reported the number of participants eligible for free, reduced-price or paid meals, the State agency shall adjust the institution's rates of reimbursement, retroactive to the month in which the incorrect eligibility figures were reported by the institution to the State agency.

Additionally, if the verification results disclose that a household has not reported accurate documentation on the application to support continued eligibility for free or reduced-price meals, the State agency shall immediately adjust the institution's rates of reimbursement. *However*, this rate adjustment shall not become effective until the affected households have been notified, and any ensuing appeals have been heard.

Glossary

Child and Adult Care Food Program (CACFP): a program authorized under Section 17 of the National School Lunch Act which provides assistance to States to initiate and maintain nonprofit food service programs for children or adult participants in nonresidential institutions which provide care. The Program is intended to enable such institutions to integrate a nutritious food service with organized care services for enrolled participants.

Economic Unit: a group of related or unrelated people who share housing and/or all significant income and expenses of its members. Generally individuals residing in the same house are an economic unit. However, more than one economic unit may reside together in the same house. Separate economic units in the same house are characterized by prorating expenses and economic independence from one another.

Federal Head Start Program: a national program providing comprehensive child development services to low-income children and their families. Low-income is defined for the Head Start program, as families with income equal to, or less than 100 percent of the Federal poverty guidelines as indicated on the IEGs.

Food Distribution Program on Indian Reservations (FDPIR): a program which distributes monthly commodity food packages to eligible Indian households living on or near an Indian reservation.

Income Eligibility Guidelines (IEGs): the family-size and income standards issued annually by the Secretary for determining eligibility for free and reduced-price meals. These standards are updated and reissued July 1 of each year.

National School Lunch Program (NSLP): the program under which participating schools operating a nonprofit food service receive general and special cash assistance and donated food assistance.

Non-pricing program: an institution in which there is no separate identifiable charge made for meals served.

Pricing program: an institution in which a separate identifiable charge is made for meals served.

SSI participant: an adult participant who receives assistance under title XVI of the Social Security Act, and the Supplemental Security Income (SSI) for the Aged, Blind and Disabled Program.

Temporary Assistance for Needy Families (TANF): a block grant to States authorized under the “Personal Responsibility and Work Opportunity Reconciliation Act of 1996” (P.L. 104-193) which allows States to provide assistance to needy families with children and provide parents with job preparation, work and support service to enable them to leave the program and become self-sufficient. It replaces the Federal programs of Aid to Families with Dependent Children (AFDC), Job Opportunities and Basic Skills (JOBS), and Emergency Assistance (EA).

Sample Application Self Test

The following section is included as a tool to assist you in identifying potential application problems. There are a series of one-page applications that have been erroneously completed, followed by an explanation of the problem, and solution(s) to resolve the problem. Throughout the application approval process, documentation is an essential component. With dated note taking, the center official can provide the necessary information summarized in brief statements, recording all contacts with the applicant.

Documentation is not only beneficial to the official working with the erroneous application, but also to any other individuals who may become involved in the application approval process.

RETURN THIS COMPLETED FORM TO: (Insert Sponsor's Name, Address, and Telephone Number)

PART 1 - Households Receiving Food Stamps or TANF Benefits (formerly AFDC)

List the first and last names of your children enrolled in the center.
List the child's current Food Stamp or TANF benefits case number in the appropriate column.
Go to PART 3. You must sign the form. (You do not need to complete PART 2.)

Names of Children (first and last)	Food Stamp #	TANF# (formerly AFDC)

PART 2 - Households Not Receiving Food Stamps or TANF (formerly AFDC)

- If you did not list a Food Stamp or TANF number in PART 1, you must complete PART 2 and PART 3 of this form.
- List the names and ages of **everyone** (related or not related) living in your household; including yourself, other adults and children. Place an "X" in the next column for children enrolled in the center for child care. If you need more space, use a separate sheet of paper.
- By person, list the amount and source of income received **last month**. You must list **gross income before** deductions for taxes, social security, etc.
- Go to PART 3. You must sign the form and print your social security number or the word "NONE" if you do not have a social security number in PART 3.

Names (first and last)	Enrolled in Child Care	Age	Monthly Earnings from Work (before deductions)	Monthly Welfare, Child Support, or Alimony	All Other Income (indicate source and amount)
Joe Smith	X	1			
Carla Smith	X	3			
Sarah Smith		29		\$500.00/mo	

PART 3 - All Households

I certify that all of the above information is true and correct and that the Food Stamp case number or TANF case number is correct or that all income is reported. I understand that this information is given for the receipt of federal funds; that program officials may verify the information on the Statement; and that deliberate misrepresentation of the information may subject me to prosecution under applicable state and federal laws.

X S Smith

Signature of Adult Household Member

Social Security Number

Sarah Smith

Printed Name of Adult Household Member

(312) 362-0112

Home Telephone Number

N/A

Work Telephone Number

100 West Ohio
Street Address

Chicago, IL 60606
City/State/Zip

4/30/99 Date

FOR SPONSOR USE ONLY

Total Household Members:

Total Monthly Income: \$

Approved Category:

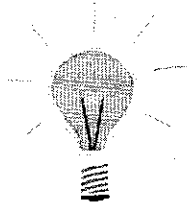
A B C

Sponsor Signature:

Approval Date:

Smith Application

Problem: The adult family member who signed this application, did not write in her social security number, OR indicate that she does not have one.



Solution: The center official could either call Ms. Smith to obtain information; or application could be returned to her with instructions on how to complete the application.

RETURN THIS COMPLETED FORM TO: (Insert Sponsor's Name, Address, and Telephone Number)

PART 1 - Households Receiving Food Stamps or TANF Benefits (formerly AFDC)

List the first and last names of your children enrolled in the center.
List the child's current Food Stamp or TANF benefits case number in the appropriate column.
Go to PART 3. You must sign the form. (You do not need to complete PART 2.)

Names of Children (first and last)	Food Stamp #	TANF# (formerly AFDC)
Jose Torres	Yes	

PART 2 - Households Not Receiving Food Stamps or TANF (formerly AFDC)

- If you did not list a Food Stamp or TANF number in PART 1, you must complete PART 2 and PART 3 of this form.
- List the names and ages of **everyone** (related or not related) living in your household; including yourself, other adults and children. Place an "X" in the next column for children enrolled in the center for child care. If you need more space, use a separate sheet of paper.
- By person, list the amount and source of income received **last month**. You must list **gross income before** deductions for taxes, social security, etc.
- Go to PART 3. You must sign the form and print your social security number or the word "NONE" if you do not have a social security number in PART 3.

Names (first and last)	Enrolled in Child Care	Age	Monthly Earnings from Work (before deductions)	Monthly Welfare, Child Support, or Alimony	All Other Income (indicate source and amount)

PART 3 - All Households

I certify that all of the above information is true and correct and that the Food Stamp case number or TANF case number is correct or that all income is reported. I understand that this information is given for the receipt of federal funds; that program officials may verify the information on the Statement; and that deliberate misrepresentation of the information may subject me to prosecution under applicable state and federal laws.

X Alicia Chavez
Signature of Adult Household Member

420-01-1616
Social Security Number

Alicia Chavez
Printed Name of Adult Household Member

(312) 362-0112
Home Telephone Number

N/A
Work Telephone Number

100 West Ohio
Street Address

Chicago, IL 60606
City/State/Zip

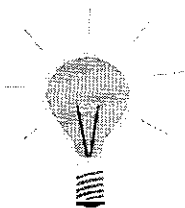
4/30/99 Date

FOR SPONSOR USE ONLY

Total Household Members:	Total Monthly Income: \$	Approved Category:
Sponsor Signature:	Approval Date:	A B C

Torres Application

Problem: The applicant did not give a food stamp number, but indicated that the child is receiving food stamps by writing a “yes” in the space. In order to accept food stamp status as qualifying the individual for free meals, the actual case number must be written in on the application.



Solution: The center official could either call Ms. Chavez to obtain the actual food stamp number, or return the application to the family with instructions on how to complete the application.

RETURN THIS COMPLETED FORM TO: (Insert Sponsor's Name, Address, and Telephone Number)

PART 1 - Households Receiving Food Stamps or TANF Benefits (formerly AFDC)

List the first and last names of your children enrolled in the center.

List the child's current Food Stamp or TANF benefits case number in the appropriate column.

Go to PART 3. You must sign the form. (You do not need to complete PART 2.)

Names of Children (first and last)	Food Stamp #	TANF# (formerly AFDC)
Leticia Collins	S416-0122-445-67	

PART 2 - Households Not Receiving Food Stamps or TANF (formerly AFDC)

- If you did not list a Food Stamp or TANF number in PART 1, you must complete PART 2 and PART 3 of this form.
- List the names and ages of **everyone** (related or not related) living in your household; including yourself, other adults and children. Place an "X" in the next column for children enrolled in the center for child care. If you need more space, use a separate sheet of paper.
- By person, list the amount and source of income received **last month**. You must list **gross income** before deductions for taxes, social security, etc.
- Go to PART 3. You must sign the form and print your social security number or the word "NONE" if you do not have a social security number in PART 3.

Names (first and last)	Enrolled in Child Care	Age	Monthly Earnings from Work (before deductions)	Monthly Welfare, Child Support, or Alimony	All Other Income (indicate source and amount)

PART 3 - All Households

I certify that all of the above information is true and correct and that the Food Stamp case number or TANF case number is correct or that all income is reported. I understand that this information is given for the receipt of federal funds; that program officials may verify the information on the Statement; and that deliberate misrepresentation of the information may subject me to prosecution under applicable state and federal laws.

X

Signature of Adult Household Member

384-12-2333

Social Security Number

Carla Collins

Printed Name of Adult Household Member

(773) 332-4658

Home Telephone Number

N/A

Work Telephone Number

100 West Ohio

Street Address

Chicago, IL 60606

City/State/Zip

4/30/99 Date

FOR SPONSOR USE ONLY

Total Household Members:

Total Monthly Income: \$

Approved Category:

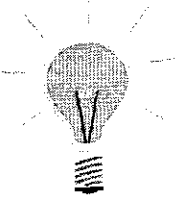
A B C

Sponsor Signature:

Approval Date:

Collins Application

Problem: The adult family member did not sign her name on the designated line.



Solution: The center official must send this form back to family for signature. By signing the application the adult is confirming that all the information given is true.

RETURN THIS COMPLETED FORM TO: (Insert Sponsor's Name, Address, and Telephone Number)

PART 1 - Households Receiving Food Stamps or TANF Benefits (formerly AFDC)

List the first and last names of your children enrolled in the center.

List the child's current Food Stamp or TANF benefits case number in the appropriate column.

Go to PART 3. You must sign the form. (You do not need to complete PART 2.)

Names of Children (first and last)	Food Stamp #	TANF# (formerly AFDC)
Sean Black		
Leonard Black		

PART 2 - Households Not Receiving Food Stamps or TANF (formerly AFDC)

- If you did not list a Food Stamp or TANF number in PART 1, you must complete PART 2 and PART 3 of this form.
- List the names and ages of **everyone** (related or not related) living in your household; including yourself, other adults and children. Place an "X" in the next column for children enrolled in the center for child care. If you need more space, use a separate sheet of paper.
- By person, list the amount and source of income received **last month**. You must list **gross income** before deductions for taxes, social security, etc.
- Go to PART 3. You must sign the form and print your social security number or the word "NONE" if you do not have a social security number in PART 3.

Names (first and last)	Enrolled in Child Care	Age	Monthly Earnings from Work (before deductions)	Monthly Welfare, Child Support, or Alimony	All Other Income (indicate source and amount)
Sean Black	X	21/2			
Leonard Black	X	4			
Martha Black		34			

PART 3 - All Households

I certify that all of the above information is true and correct and that the Food Stamp case number or TANF case number is correct or that all income is reported. I understand that this information is given for the receipt of federal funds; that program officials may verify the information on the Statement; and that deliberate misrepresentation of the information may subject me to prosecution under applicable state and federal laws.

X Martha Black
signature of Adult Household Member

210-49-7715
Social Security Number

Martha Black
Printed Name of Adult Household Member

(773) 332-4658
Home Telephone Number

N/A
Work Telephone Number

100 West Ohio
Street Address

Chicago, IL 60606
City/State/Zip

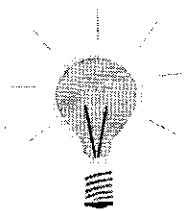
4/30/99 Date

FOR SPONSOR USE ONLY

Total Household Members:	Total Monthly Income: \$	Approved Category: A B C
Sponsor Signature:	Approval Date:	

Black Application

Problem: The applicant did not fill in enough information to determine if the household would qualify for free or reduced-price meals. In order to evaluate this application, the applicant would either need to fill in income information, or give the case number(s) for food stamps or TANF.



Solution: The center official could call the applicant to obtain the necessary information; or the form could be returned to household with instructions on how to complete the application.

PART 1 - Households Receiving Food Stamps or TANF Benefits (formerly AFDC)

Go to PART 3. You must sign the form. (You do not need to complete PART 2.)

Names of Children (first and last)	Food Stamp #	TANF# (formerly AFDC)

- If you did not list a Food Stamp or TANF number in PART 1, you must complete PART 2 and PART 3 of this form.
- List the names and ages of **everyone** (related or not related) living in your household; including yourself, other adults and children. Place an "X" in the next column for children enrolled in the center for child care. If you need more space, use a separate sheet of paper.
- By person, list the amount and source of income received **last month**. You must list **gross income** *before* deductions for taxes, social security, etc.
- Go to PART 3. You must sign the form and print your social security number or the word "NONE" if you do not have a social security number in PART 3.

Names (first and last)	Enrolled in Child Care	Age	Monthly Earnings from Work (before deductions)	Monthly Welfare, Child Support, or Alimony	All Other Income (indicate source and amount)
Oscar Garcia	X	1			
Felix Garcia	X	2 1/2			
Maria Garcia	X	4			
Juan Garcia		33	\$250.00/wk net		
Therese Garcia		31			

I certify that all of the above information is true and correct and that the Food Stamp case number or TANF case number is correct or that all income is reported. I understand that this information is given for the receipt of federal funds; that program officials may verify the information on the Statement; and that deliberate misrepresentation of the information may subject me to prosecution under applicable state and federal laws.

NONE
Social Security Number

N/A

Work Telephone Number

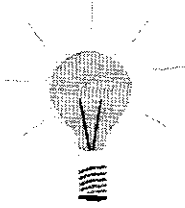
Chicago, IL 60606
City/State/Zip

4/30/99 Date

FOR SPONSOR USE ONLY		
Total Household Members:	Total Monthly Income: \$	Approved Category:
Sponsor Signature:	Approval Date:	A B C

Garcia Application

Problem: The NET income was given instead of gross income.



Solution: This application does not have a telephone number for the family, so the application must be returned to the household with instructions to include the gross amount of income and to resubmit.

RETURN THIS COMPLETED FORM TO: (Insert Sponsor's Name, Address, and Telephone Number)

PART 1 - Households Receiving Food Stamps or TANF Benefits (formerly AFDC)

List the first and last names of your children enrolled in the center.
List the child's current Food Stamp or TANF benefits case number in the appropriate column.
Go to PART 3. You must sign the form. (You do not need to complete PART 2.)

Names of Children (first and last)	Food Stamp #	TANF# (formerly AFDC)
Ted Anderson	pending approval	

PART 2 - Households Not Receiving Food Stamps or TANF (formerly AFDC)

- If you did not list a Food Stamp or TANF number in PART 1, you must complete PART 2 and PART 3 of this form.
- List the names and ages of **everyone** (related or not related) living in your household; including yourself, other adults and children. Place an "X" in the next column for children enrolled in the center for child care. If you need more space, use a separate sheet of paper.
- By person, list the amount and source of income received **last month**. You must list **gross income** before deductions for taxes, social security, etc.
- Go to PART 3. You must sign the form and print your social security number or the word "NONE" if you do not have a social security number in PART 3.

Names (first and last)	Enrolled in Child Care	Age	Monthly Earnings from Work (before deductions)	Monthly Welfare, Child Support, or Alimony	All Other Income (indicate source and amount)

PART 3 - All Households

I certify that all of the above information is true and correct and that the Food Stamp case number or TANF case number is correct or that all income is reported. I understand that this information is given for the receipt of federal funds; that program officials may verify the information on the Statement; and that deliberate misrepresentation of the information may subject me to prosecution under applicable state and federal laws.

X Rachael Anderson

Signature of Adult Household Member

145-50-6217

Social Security Number

(773) 332-4658

Home Telephone Number

N/A

Work Telephone Number

Rachael Anderson

Printed Name of Adult Household Member

100 West Ohio

Street Address

Chicago, IL 60606

City/State/Zip

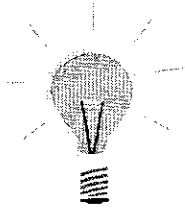
4/30/99 Date

FOR SPONSOR USE ONLY

Total Household Members:	Total Monthly Income: \$	Approved Category: A B C
Sponsor Signature:	Approval Date:	

Anderson Application

Problem: No food stamp number was given. “Pending approval” is not adequate information to evaluate the household for their eligibility.



Solution: The center official could either call Ms. Anderson, or return the application with instructions on how to complete the application.

RETURN THIS COMPLETED FORM TO: (Insert Sponsor's Name, Address, and Telephone Number)

PART 1 - Households Receiving Food Stamps or TANF Benefits (formerly AFDC)

List the first and last names of your children enrolled in the center.
List the child's current Food Stamp or TANF benefits case number in the appropriate column.
Go to PART 3. You must sign the form. (You do not need to complete PART 2.)

Names of Children (first and last)	Food Stamp #	TANF# (formerly AFDC)

PART 2 - Households Not Receiving Food Stamps or TANF (formerly AFDC)

- If you did not list a Food Stamp or TANF number in PART 1, you must complete PART 2 and PART 3 of this form.
- List the names and ages of **everyone** (related or not related) living in your household; including yourself, other adults and children. Place an "X" in the next column for children enrolled in the center for child care. If you need more space, use a separate sheet of paper.
- By person, list the amount and source of income received **last month**. You must list **gross income** before deductions for taxes, social security, etc.
- Go to PART 3. You must sign the form and print your social security number or the word "NONE" if you do not have a social security number in PART 3.

Names (first and last)	Enrolled in Child Care	Age	Monthly Earnings from Work (before deductions)	Monthly Welfare, Child Support, or Alimony	All Other Income (indicate source and amount)
Rhonda Carter		27	\$700.00/mo	\$200.00/mo	

PART 3 - All Households

I certify that all of the above information is true and correct and that the Food Stamp case number or TANF case number is correct or that all income is reported. I understand that this information is given for the receipt of federal funds; that program officials may verify the information on the Statement; and that deliberate misrepresentation of the information may subject me to prosecution under applicable state and federal laws.

X Rhonda Carter

Signature of Adult Household Member

149-55-0012
Social Security Number

Rhonda Carter
Printed Name of Adult Household Member

(773) 332-4658
Home Telephone Number

N/A
Work Telephone Number

100 West Ohio
Street Address

Chicago, IL 60606
City/State/Zip

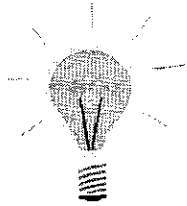
4/30/99 Date

FOR SPONSOR USE ONLY

Total Household Members:	Total Monthly Income: \$	Approved Category:
Sponsor Signature:	Approval Date:	A B C

Carter Application

Problem: The applicant did not write the child(ren) name(s) in the appropriate section of the application.



Solution: The center official could either call Ms. Carter to obtain name(s) of child(ren), or return the application with instructions on how to complete the application.

RETURN THIS COMPLETED FORM TO: (Insert Sponsor's Name, Address, and Telephone Number)

PART 1 - Households Receiving Food Stamps or TANF Benefits (formerly AFDC)

List the first and last names of your children enrolled in the center.
List the child's current Food Stamp or TANF benefits case number in the appropriate column.
Go to PART 3. You must sign the form. (You do not need to complete PART 2.)

Names of Children (first and last)	Food Stamp #	TANF# (formerly AFDC)

PART 2 - Households Not Receiving Food Stamps or TANF (formerly AFDC)

- If you did not list a Food Stamp or TANF number in PART 1, you must complete PART 2 and PART 3 of this form.
- List the names and ages of **everyone** (related or not related) living in your household; including yourself, other adults and children. Place an "X" in the next column for children enrolled in the center for child care. If you need more space, use a separate sheet of paper.
- By person, list the amount and source of income received **last month**. You must list **gross income** before deductions for taxes, social security, etc.
- Go to PART 3. You must sign the form and print your social security number or the word "NONE" if you do not have a social security number in PART 3.

Names (first and last)	Enrolled in Child Care	Age	Monthly Earnings from Work (before deductions)	Monthly Welfare, Child Support, or Alimony	All Other Income (indicate source and amount)
Cindy Bates	X	4			
Ann Bates	X	2 1/2			
Michelle Bates		36	\$750.00/mo	\$150.00/mo	

PART 3 - All Households

I certify that all of the above information is true and correct and that the Food Stamp case number or TANF case number is correct or that all income is reported. I understand that this information is given for the receipt of federal funds; that program officials may verify the information on the Statement; and that deliberate misrepresentation of the information may subject me to prosecution under applicable state and federal laws.

X Richard Carlson

Signature of Adult Household Member

420-11-7622

Social Security Number

Richard Carlson
Printed Name of Adult Household Member

(773) 332-4658

Home Telephone Number

N/A

Work Telephone Number

100 West Ohio
Street Address

Chicago, IL 60606

City/State/Zip

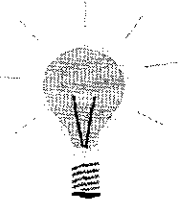
4/30/99 Date

FOR SPONSOR USE ONLY

Total Household Members:	Total Monthly Income: \$	Approved Category: A B C
Sponsor Signature:	Approval Date:	

Bates Application

Problem: The signature (Richard Carlson) on the application does not correspond to anyone listed in the household. The signature on the application must be a household member identified in part 2 of this application when qualifying with income information.



Solution: The center official could either call the household for additional information regarding the situation, or the application could be returned along with instructions on how to complete the application. If Mr. Carlson is determined **NOT** to be part of the household, a new application must be completed and signed by an adult member of the household. If Mr. Carlson is determined to be part of the household, he should be listed along with his income in part 2 of this application.

RETURN THIS COMPLETED FORM TO: (Insert Sponsor's Name, Address, and Telephone Number)

PART 1 - Households Receiving Food Stamps or TANF Benefits (formerly AFDC)

List the first and last names of your children enrolled in the center.
List the child's current Food Stamp or TANF benefits case number in the appropriate column.
Go to PART 3. You must sign the form. (You do not need to complete PART 2.)

Names of Children (first and last)	Food Stamp #	TANF# (formerly AFDC)

PART 2 - Households Not Receiving Food Stamps or TANF (formerly AFDC)

- If you did not list a Food Stamp or TANF number in PART 1, you must complete PART 2 and PART 3 of this form.
- List the names and ages of **everyone** (related or not related) living in your household; including yourself, other adults and children. Place an "X" in the next column for children enrolled in the center for child care. If you need more space, use a separate sheet of paper.
- By person, list the amount and source of income received **last month**. You must list **gross income** before deductions for taxes, social security, etc.
- Go to PART 3. You must sign the form and print your social security number or the word "NONE" if you do not have a social security number in PART 3.

Names (first and last)	Enrolled in Child Care	Age	Monthly Earnings from Work (before deductions)	Monthly Welfare, Child Support, or Alimony	All Other Income (indicate source and amount)
Michael Miller	X	4			
Philip Miller	X	4			
Sonya Miller		26	\$450.00/mo		\$200.00/mo

PART 3 - All Households

I certify that all of the above information is true and correct and that the Food Stamp case number or TANF case number is correct or that all income is reported. I understand that this information is given for the receipt of federal funds; that program officials may verify the information on the Statement; and that deliberate misrepresentation of the information may subject me to prosecution under applicable state and federal laws.

X Sonya Miller

Signature of Adult Household Member

NONE
Social Security Number

Sonya Miller
Printed Name of Adult Household Member

(773) 332-4658
Home Telephone Number

N/A
Work Telephone Number

100 West Ohio
Street Address

Chicago, IL 60606
City/State/Zip

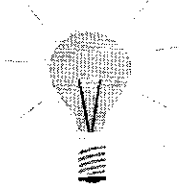
4/30/99 Date

FOR SPONSOR USE ONLY

Total Household Members:	Total Monthly Income: \$	Approved Category: A B C
Sponsor Signature:	Approval Date:	

Miller Application

Problem: The applicant failed to identify the source of the “other income” that was included in the application.



Solution: The center official could either call the household to obtain the necessary information, or the application could be returned with instructions on how to complete the application.

RETURN THIS COMPLETED FORM TO: (Insert Sponsor's Name, Address, and Telephone Number)

PART 1 - Households Receiving Food Stamps or TANF Benefits (formerly AFDC)

List the first and last names of your children enrolled in the center.
List the child's current Food Stamp or TANF benefits case number in the appropriate column.
Go to PART 3. You must sign the form. (You do not need to complete PART 2.)

Names of Children (first and last)	Food Stamp #	TANF# (formerly AFDC)
Tad Hill	R160-4277-0016-41	
Brent Hill	R160-4277-0016-41	

PART 2 - Households Not Receiving Food Stamps or TANF (formerly AFDC)

- If you did not list a Food Stamp or TANF number in PART 1, you must complete PART 2 and PART 3 of this form.
- List the names and ages of **everyone** (related or not related) living in your household; including yourself, other adults and children. Place an "X" in the next column for children enrolled in the center for child care. If you need more space, use a separate sheet of paper.
- By person, list the amount and source of income received **last month**. You must list **gross income** before deductions for taxes, social security, etc.
- Go to PART 3. You must sign the form and print your social security number or the word "NONE" if you do not have a social security number in PART 3.

Names (first and last)	Enrolled in Child Care	Age	Monthly Earnings from Work (before deductions)	Monthly Welfare, Child Support, or Alimony	All Other Income (indicate source and amount)
Tad Hill	X	4 1/2			
Brent Hill	X	1			
Chuck Bass		38	\$900.00/mo		rental property \$900.00/mo
Miss Hill		37	\$800.00/mo		

PART 3 - All Households

I certify that all of the above information is true and correct and that the Food Stamp case number or TANF case number is correct or that all income is reported. I understand that this information is given for the receipt of federal funds; that program officials may verify the information on the Statement; and that deliberate misrepresentation of the information may subject me to prosecution under applicable state and federal laws.

X Chuck Bass
Signature of Adult Household Member

512-46-9923
Social Security Number

Chuck Bass
Printed Name of Adult Household Member

(773) 332-4658
Home Telephone Number

N/A
Work Telephone Number

100 West Ohio
Street Address

Chicago, IL 60606
City/State/Zip

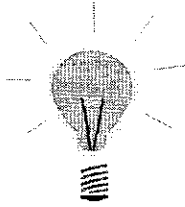
4/30/99 Date

FOR SPONSOR USE ONLY

Total Household Members:	Total Monthly Income: \$	Approved Category: A B C
Sponsor Signature:	Approval Date:	

Hill/Bass Application

Problem: This application has conflicting information. The income information given would not qualify this family for either reduced or free meals, but the indication that this household is receiving food stamps would qualify the children for free meals.



Solution: The center official could accept the food stamp information, and consider the family eligible for free meals. The official could also call the household to resolve the discrepancy prior to making an eligibility determination.

APPENDIX

**SECTIONS 226.2 AND 226.23
OF THE
CODE OF
REGULATIONS**

Revised January 1, 1999

Sec. 226.2 Definitions

AFDC assistance unit means any individual or group of individuals which is currently certified to receive assistance under the Aid to Families with Dependent Children Program in a State where the standard of eligibility for AFDC benefits does not exceed the income eligibility guidelines for free meals under this part.

Act means the National School Lunch Act, as amended.

Administrative costs means costs incurred by an institution related to planning, organizing, and managing a food service under the Program, and allowed by the State agency financial management instruction. These administrative costs may include administrative expenses associated with outreach and recruitment of unlicensed family or group day care homes and the allowable licensing-related expenses of such homes.

Adult means, for the purposes of the collection of social security numbers as a condition of eligibility for free or reduced-price meals, any individual 21 years of age or older.

Adult day care center means any public or private nonprofit organization or any proprietary title XIX or title XX center (as defined in this section) which (a) is licensed or approved by Federal, State or local authorities to provide nonresidential adult day care services to functionally impaired adults (as defined in this section) or persons 60 years of age or older in a group setting outside their homes or a group living arrangement on a less than 24-hour basis and (b) provides for such care and services directly or under arrangements made by the agency or organization whereby the agency or organization maintains professional management responsibility for all such services. Such centers shall provide a structured, comprehensive program that provides a variety of health, social and related support services to enrolled adult participants through an individual plan of care.

Adult day care facility means a licensed or approved adult day care center under the auspices of a sponsoring organization.

Adult participant means a person enrolled in an adult day care center who is functionally impaired (as defined in this section) or 60 years of age or older.

Advanced payments means financial assistance made available to an institution for its Program costs prior to the month in which such costs will be incurred.

CACFP child care standards means the Child and Adult Care Food Program child care standards developed by the Department for alternate approval of child care centers, outside-school-hours care centers, and day care homes by the State agency under the provisions of Sec. 226.6(d)(2) and (3).

Child care center means any public or private nonprofit organization, or any proprietary title XX center, as defined in this section ("Proprietary title XX center"), licensed or approved to provide nonresidential child care services to enrolled children, primarily of preschool age, including but not limited to day care centers, settlement houses, neighborhood centers, Head Start centers and organizations providing day care services for children with handicaps. Child care centers may participate in the Program as independent centers or under the auspices of a sponsoring organization.

Child care facility means a licensed or approved child care center, day care home, or outside-school-hours care center under the auspices of a sponsoring organization.

Children means (a) persons 12 years of age and under, (b) children of migrant workers 15 years of age and under, and (c) persons with mental or physical handicaps, as defined by the State, enrolled in an institution or a child care facility serving a majority of persons 18 years of age and under.

Claiming percentage means the ratio of the number of enrolled participants in an institution in each reimbursement category (free, reduced-price or paid) to the total of enrolled participants in the institution.

Current income means income received during the month prior to application for free or reduced-price meals. If such income does not accurately reflect the household's annual income, income shall be based on the projected annual household income. If the prior year's income provides an accurate reflection of the household's current annual income, the prior year may be used as a base for the projected annual income.

Day care home means an organized nonresidential child care program for children enrolled in a private home, licensed or approved as a family or group day care home and under the auspices of a sponsoring organization.

Department means the U.S. Department of Agriculture.

Documentation means:

(a) The completion of the following information on a free and reduced-price application:

- (1) Names of all household members;
 - (2) Income received by each household member, identified by source of income (such as earnings, wages, welfare, pensions, support payments, unemployment compensation, social security and other cash income);
 - (3) The signature of an adult household member; and
 - (4) The social security number of the adult household member who signs the application, or an indication that he/she does not possess a social security number;
- or

(b) For a child who is a member of a food stamp or FDPIR household or an AFDC assistance unit, "documentation" means the completion of only the following information on a free and reduced-price application:

(1) The name(s) and appropriate food stamp, FDPIR or AFDC case number(s) for the child(ren); and

(2) The signature of an adult member of the household; or

(c) For a child in a tier II day care home who is a member of a household participating in a Federally or State supported child care or other benefit program with an income eligibility limit that does not exceed the eligibility standard for free or reduced-price meals:

(1) The name(s), appropriate case number(s) (if the program utilizes case numbers), and name(s) of the qualifying program(s) for the child(ren), and the signature of an adult member of the household; or

(2) If the sponsoring organization or day care home possesses it, official evidence of the household's participation in a qualifying program (submission of a free and reduced-price application by the household is not required in this case); or

(d) For an adult participant who is a member of a food stamp or FDPIR household or is an SSI or Medicaid participant, as defined in this section, “documentation” means the completion of only the following information on a free and reduced-price application:

(1) The name(s) and appropriate food stamp or FDPIR case number(s) for the participant(s) or the adult participant's SSI or Medicaid identification number, as defined in this section; and

(2) The signature of an adult member of the household; or

(e) For a child who is a Head Start participant, the Head Start statement of income eligibility issued upon initial enrollment in the Head Start Program or, if such statement is unavailable, other documentation from Head Start officials that the child's family meets the Head Start Program's low-income criteria.

Enrolled child means a child whose parent or guardian has submitted to an institution a signed document which indicates that the child is enrolled for child care. In addition, for the purposes of calculations made by sponsoring organizations of family day care homes in accordance with Secs. 226.13(d)(3)(ii) and 226.13(d)(3)(iii), “enrolled child” (or “child in attendance”) means a child whose parent or guardian has submitted a signed document which indicates that the child is enrolled for child care; who is present in the day care home for the purpose of child care; and who has eaten at least one meal during the claiming period.

Enrolled participant means an “Enrolled child” (as defined in this section) or “Adult participant” (as defined in this section).

Expansion payments means financial assistance made available to a sponsoring organization for its administrative expenses associated with expanding a food service program to day care homes located in low-income or rural areas. These expansion payments may include administrative expenses associated with outreach and recruitment of unlicensed family or group day care homes and the allowable licensing-related expenses of such homes.

Family means, in the case of children, a group of related or nonrelated individuals, who are not residents of an institution or boarding house, but who are living as one economic unit or, in the case of adult participants, the adult participant, and if residing with the adult participant, the spouse and dependent(s) of the adult participant.

FDPIR household means any individual or group of individuals which is currently certified to receive assistance as a household under the Food Distribution Program on Indian Reservations.

Fiscal Year means a period of 12 calendar months beginning October 1 of any year and ending with September 30 of the following year.

FNS means the Food and Nutrition Service of the Department.

FNSRO means the appropriate Regional Office of the Food and Nutrition Service.

Food service equipment assistance means Federal financial assistance formerly made available to State agencies to assist institutions in the purchase or rental of equipment to enable institutions to establish, maintain or expand food service under the Program.

Food service management company means an organization other than a public or private nonprofit school, with which an institution may contract for preparing and, unless otherwise provided for, delivering meals, with or without milk for use in the Program.

Food Stamp household means any individual or group of individuals which is currently certified to receive assistance as a household under the Food Stamp Program.

Free meal means a meal served under the Program to a participant from a family which meets the income standards for free school meals; or to a child who is automatically eligible for free meals by virtue of food stamp, FDPIR, or AFDC reciprocity; or to a child who is a Head Start participant; or to an adult participant who is automatically eligible for free meals by virtue of food stamp or FDPIR reciprocity or is a SSI or Medicaid participant. Regardless of whether the participant qualified for free meals by virtue of meeting one of the criteria of this definition, neither the participant nor any member of their family shall be required to pay or to work in the foodservice program in order to receive a free meal.

Functionally impaired adult means chronically impaired disabled persons 18 years of age or older, including victims of Alzheimer's disease and related disorders with neurological and organic brain dysfunction, who are physically or mentally impaired to the extent that their capacity for independence and their ability to carry out activities of daily living is markedly limited. Activities of daily living include, but are not limited to, adaptive activities such as cleaning, shopping, cooking, taking public transportation, maintaining a residence, caring appropriately for one's grooming or hygiene, using telephones and directories, or using a post office. Marked limitations refer to the severity of impairment, and not the number of limited activities, and occur when the degree of limitation is such as to seriously interfere with the ability to function independently.

Group living arrangement means residential communities which may or may not be subsidized by federal, State or local funds but which are private residences housing an individual or a group of individuals who are primarily responsible for their own care and who maintain a presence in the community but who may receive on-site monitoring.

Household means "family", as defined in Sec. 226.2 ("Family").

Head Start participant means a child currently receiving assistance under a Federally-funded Head Start Program who is categorically eligible for free meals in the CACFP by virtue of meeting Head Start's low-income criteria.

Income standards means the family-size and income standards prescribed annually by the Secretary for determining eligibility for free and reduced-price meals under the National School Lunch Program and the School Breakfast Program.

Income to the program means any funds used in an institution's food service program, including, but not limited to all monies, other than Program payments, received from other Federal, State, intermediate, or local government sources; participant's payments for meals and food service fees; income from any food sales to adults; and other income, including cash donations or grants from organizations or individuals.

Independent center means a child care center, outside-school-hours care center or adult day care center which enters into an agreement with the State agency to assume final administrative and financial responsibility for Program operations.

Infant cereal means any iron-fortified dry cereal specially formulated for and generally recognized as cereal for infants that is routinely mixed with formula or milk prior to consumption.

Infant formula means any iron-fortified infant formula, intended for dietary use as a sole source of food for normal, healthy infants served in liquid state at manufacturer's recommended dilution.

Institution means a sponsoring organization, child care center, outside-school-hours care center or adult day care center which enters into an agreement with the State agency to assume final administrative and financial responsibility for Program operations.

Key Element Reporting System (KERS) means a comprehensive national system for reporting critical key element performance data on the operation of the program in institutions.

Low-income area means a geographical area in which at least 50 percent of the children are eligible for free or reduced-price school meals under the National School Lunch Program and the School Breakfast Program, as determined in accordance with paragraphs (b) and (c), definition of tier I day care home.

Meals means food which is served to enrolled participants at an institution, child care facility or adult day care facility and which meets the nutritional requirements set forth in this part.

Medicaid participant means an adult participant who receives assistance under title XIX of the Social Security Act, the Grant to States for Medical Assistance Programs--Medicaid.

Milk means pasteurized fluid types of unflavored or whole flavored milk, lowfat milk, skim milk, or cultured buttermilk which meet State and local standards for such milk except that, in the meal pattern for infants (8 months up to 1 year of age), "milk" means unflavored whole fluid milk or an equivalent quantity of reconstituted evaporated milk which meets such standards. In Alaska, Hawaii, American Samoa, Guam, Puerto Rico, the Trust Territory of the Pacific Islands, the Northern Mariana Islands, and the Virgin Islands if a sufficient supply of such types of fluid milk cannot be obtained, "milk" shall include reconstituted or recombined milk. All milk should contain vitamins A and D at levels specified by the Food and Drug Administration and be consistent with State and local standards for such milk.

Non-pricing program means an institution in which there is no separate identifiable charge made for meals served to participants.

Nonprofit food service means all food service operations conducted by the institution principally for the benefit of enrolled participants, from which all of the Program reimbursement funds are used solely for the operations or improvement of such food service.

Nonresidential means that the same participants are not maintained in care for more than 24 hours on a regular basis.

OIG means the Office of the Inspector General of the Department.

Operating costs means expenses incurred by an institution in serving meals to participants under the Program, and allowed by the State agency financial management instruction.

Outside-school-hours care center means a public or private nonprofit organization, or a proprietary title XX center, as defined in this section ("Proprietary title XX center"), licensed or approved to provide organized nonresidential child care services to enrolled children outside of school hours. Outside-school-hours care centers may participate in the Program as independent centers or under the auspices of a sponsoring organization.

Participants means "Children" or "Adult participants" as defined in this section.

Personal property means property of any kind except real property. It may be tangible--having physical existence--or intangible--having no physical existence such as patents, inventions, and copyrights.

Pricing program means an institution in which a separate identifiable charge is made for meals served to participants.

Program means the Child and Adult Care Food Program authorized by section 17 of the National School Lunch Act, as amended.

Program payments means financial assistance in the form of start-up payments, expansion payments, advance payments, or reimbursement paid or payable to institutions for operating costs and administrative costs.

Proprietary title XIX center means any private, for profit center (a) providing nonresidential adult day care services for which it receives compensation from amounts granted to the States under title XIX of the Social Security Act and (b) in which title XIX beneficiaries were not less than 25 percent of enrolled eligible participants in the calendar month preceding initial application or annual reapplication for Program participation.

Proprietary title XX center means any private, for profit center:

(a) Providing nonresidential child care services for which it receives compensation from amounts granted to the States under title XX of the Social Security Act, and in which title XX child care beneficiaries constitute no less than 25 percent of enrolled eligible participants or licensed capacity, whichever is less, during the calendar month preceding initial application or annual reapplication for Program participation; or,

(b) Providing nonresidential adult day care services for which it receives compensation from amounts granted to the States under title XX of the Social Security Act and in which adult beneficiaries were not less than 25 percent of enrolled eligible participants during the calendar month preceding initial application or annual reapplication for Program participation.

Reduced-price meal means a meal served under the Program to a participant from a family which meets the income standards for reduced-price school meals. Any separate charge imposed shall be less than the full price of the meal, but in no case more than 40 cents for a lunch or supper, 30 cents for a breakfast, and 15 cents for a supplement, and for which neither the participant nor any member of his family is required to work in the food service program.

Reimbursement means Federal financial assistance paid or payable to institutions for Program costs within the rates assigned by the State agency.

Rural area means any geographical area in a county which is not a part of a Metropolitan Statistical Area or any “pocket” within a Metropolitan Statistical Area which, at the option of the State agency and with FNSRO concurrence, is determined to be geographically isolated from urban areas.

SSI participant means an adult participant who receives assistance under title XVI of the Social Security Act, the Supplemental Security Income (SSI) for the Aged, Blind and Disabled Program.

School year means a period of 12 calendar months beginning July 1 of any year and ending June 30 of the following year.

Sponsoring organization means a public or nonprofit private organization which is entirely responsible for the administration of the food program in: (a) One or more day care homes; (b) a child care center, outside-school-hours care centers, or adult day care center which is a legally distinct entity from the sponsoring organization; (c) two or more child care centers, outside-school-hours care centers, or adult day care centers; or (d) any combination of child care centers, adult day care centers, day care homes, and outside-school-hours care centers. The term “sponsoring organization” also includes a for-profit organization which is entirely responsible for administration of the Program in any combination of two or more child care centers, adult day care centers and outside-school-hours care centers which are part of the same legal entity as the sponsoring organization, and which are proprietary title XIX or XX centers, as defined in this section (“Proprietary Title XIX center”, “Proprietary Title XX center”).

Start-up payments means financial assistance made available to a sponsoring organization for its administrative expenses associated with developing or expanding a food service program in day care homes and initiating successful Program operations. These start-up payments may include administrative expenses associated with outreach and recruitment of unlicensed family or group day care homes and the allowable licensing-related expenses of such homes.

State means any of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Northern Mariana Islands.

State agency means the State educational agency or any other State agency that has been designated by the Governor or other appropriate executive, or by the legislative authority of the State, and has been approved by the Department to administer the Program within the State or in States in which FNS administers the Program, FNSRO. This also may include a State agency other than the existing CACFP State Agency, when such agency is designated by the Governor of the State to administer only the adult day care component of the CACFP.

Tier I day care home means (a) a day care home that is operated by a provider whose household meets the income standards for free or reduced-price meals, as determined by the sponsoring organization based on a completed free and reduced-price application, and whose income is verified by the sponsoring organization of the home in accordance with Sec. 226.23(h)(6);

(b) A day care home that is located in an area served by a school enrolling elementary students in which at least 50 percent of the total number of children enrolled are certified eligible to receive free or reduced-price meals; or

(c) A day care home that is located in a geographic area, as defined by FNS based on census data, in which at least 50 percent of the children residing in the area are members of households which meet the income standards for free or reduced-price meals.

Tier II day care home means a day care home that does not meet the criteria for a Tier I day care home.

Title XVI means Title XVI of the Social Security Act which authorizes the Supplemental Security Income for the Aged, Blind, and Disabled Program--SSI.

Title XIX means Title XIX of the Social Security Act which authorizes the Grants to States for Medical Assistance Programs--Medicaid.

Title XX means Title XX of the Social Security Act.

Uniform Federal Assistance Regulations means the Department's regulations, 7 CFR part 3015, establishing Department-wide policies and standards for administration of grants and cooperative agreements.

Verification means a review of the information reported by institutions to the State agency regarding the eligibility of participants for free or reduced-price meals, and, in addition, for a pricing program, confirmation of eligibility for free or reduced-price benefits under the program. Verification for a pricing program shall include confirmation of income eligibility and, at State discretion, any other information required on the application which is defined as documentation in Sec. 226.2. Such verification may be accomplished by examining information (e.g., wage stubs, etc.) provided by the household or other sources of information as specified in Sec. 226.23(h)(2)(iv). However, if a food stamp, FDPIR or AFDC case number is provided for a child, verification for such child shall include only confirmation that the child is included in a currently certified food stamp or FDPIR household or AFDC assistance unit. If a Head Start statement of income eligibility is provided for a child, verification for such child shall include only confirmation that the child is a Head Start participant. For an adult participant, if a food stamp or FDPIR case number or SSI or Medicaid assistance identification number is provided, verification for such participant shall include only confirmation that the participant is included in a currently certified food stamp or FDPIR household or is a current SSI or Medicaid participant.

Yogurt means commercially coagulated milk products obtained by the fermentation of specific bacteria, that meet milk fat or milk solid requirements to which flavoring foods or ingredients may be added. These products are covered by the Food and Drug Administration's Standard of Identity for yogurt, lowfat yogurt, and nonfat yogurt, (21 CFR 131.200), (21 CFR 131.203), (21 CFR 131.206), respectively.

[47 FR 36527, Aug. 20, 1982; 47 FR 46072, Oct. 15, 1982, as amended at 48 FR 21529, May 13, 1983; 48 FR 41142, Sept. 14, 1983; 50 FR 19310, May 8, 1985; 51 FR 31316, Sept. 3, 1986; 52 FR 36906, Oct. 2, 1987; 53 FR 52587, Dec. 28, 1988; 54 FR 27153, June 28, 1989; Amdt. 22, 55 FR 1377, Jan. 14, 1990; 61 FR 25554, May 22, 1996; 62 FR 901, Jan. 7, 1997; 62 FR 23617, May 1, 1997; 63 FR 9104, Feb. 24, 1998; 63 FR 9727, Feb. 26, 1998]

Sec. 226.23 Free and reduced-price meals

(a) The State agency shall require each institution to submit, at the time the institution applies for Program participation, a written policy statement concerning free and reduced-price meals to be used uniformly in all child care and adult day care facilities under its jurisdiction as required in this section. Institutions shall not be approved for participation nor agreements renewed unless the free and reduced-price policy statement has been approved. Pending approval of a revision of a policy statement, the existing policy shall remain in effect.

(b) Sponsoring organizations of day care homes (which may not serve meals at a separate charge to children) and other institutions which elect to serve meals at no separate charge, shall develop a policy statement consisting of an assurance to the State agency that all participants are served the same meals at no separate charge, regardless of race, color, national origin, sex, age, or handicap and that there is no discrimination in the course of the food service. This statement shall also contain an assurance that there will be no identification of children in day care homes in which meals are reimbursed at both the tier I and tier II reimbursement rates, and that the sponsoring organization will not make any free and reduced-price eligibility information concerning individual households available to day care homes and will otherwise limit the use of such information to persons directly connected with the administration and enforcement of the Program.

(c) Independent centers and sponsoring organizations of centers which charge separately for meals shall develop a policy statement for determining eligibility for free and reduced-price meals which shall include the following:

(1) The specific criteria to be used in determining eligibility for free and reduced-price meals. The institution's standards of eligibility shall conform to the Secretary's income standards;

(2) A description of the method or methods to be used in accepting applications from families for free and reduced-price meals. Such methods will ensure that applications are accepted from households on behalf of children who are members of AFDC assistance units or food stamp or FDPIR households or, for adult participants, who are members of a food stamp or FDPIR household or SSI or Medicaid participants;

(3) A description of the method or methods to be used to collect payments from those participants paying the full or reduced-price of the meal which will protect the anonymity of the participants receiving a free or reduced-price meal;

(4) An assurance which provides that the institution will establish a hearing procedure for use when benefits are denied or terminated as a result of verification:

(i) A simple, publicly announced method for a family to make an oral or written request for a hearing;

(ii) An opportunity for the family to be assisted or represented by an attorney or other person in presenting its appeal;

(iii) An opportunity to examine, prior to and during the hearing, the documents and records presented to support the decision under appeal;

(iv) That the hearing shall be held with reasonable promptness and convenience to the family and that adequate notice shall be given to the family as to the time and place of the hearing;

(v) An opportunity for the family to present oral or documentary evidence and arguments supporting its position;

(vi) An opportunity for the family to question or refute any testimony or other evidence and to confront and cross-examine any adverse witnesses;

(vii) That the hearing shall be conducted and the determination made by a hearing official who did not participate in making the initial decision;

(viii) The determination of the hearing official shall be based on the oral and documentary evidence presented at the hearing and made a part of that hearing record;

(ix) That the family and any designated representatives shall be notified in writing of the decision of the hearing official;

(x) That a written record shall be prepared with respect to each hearing, which shall include the decision under appeal, any documentary evidence and a summary of any oral testimony presented at the hearing, the decision of the hearing official, including the reasons therefor, and a copy of the notification to the family of the decision of the hearing official; and

(xi) That such written record of each hearing shall be preserved for a period of three years and shall be available for examination by the family or its representatives at any reasonable time and place during such period;

(5) An assurance that there will be no overt identification of free and reduced-price meal recipients and no discrimination against any participant on the basis of race, color, national origin, sex, age, or handicap;

(6) An assurance that the charges for a reduced-price lunch or supper will not exceed 40 cents, that the charge for a reduced-price breakfast will not exceed 30 cents, and that the charge for a reduced-price supplement will not exceed 15 cents.

(d) Each institution shall annually provide the information media serving the area from which the institution draws its attendance with a public release. All media releases issued by institutions other than sponsoring organizations of day care homes, shall include the Secretary's Income Eligibility Guidelines for Free and Reduced-Price Meals. The release issued by all sponsoring organizations of day care homes, and by other institutions which elect not to charge separately for meals, shall announce the availability of meals at no separate charge. The release issued by *child care institutions which charge separately for meals* shall announce the availability of free and reduced-price meals to children meeting the approved eligibility criteria. The release issued by child care institutions shall also announce that children who are members of AFDC assistance units, food stamp or FDPIR households, or are Head Start participants are automatically eligible to receive free meal benefits. The release issued by adult day care centers which charge separately for meals shall announce the availability of free and reduced-price meals to participants meeting the approved eligibility criteria. The release issued by adult day care centers shall also announce that adult participants who are members of food stamp or FDPIR households or who are SSI or Medicaid participants are automatically eligible to receive free meal benefits. All releases shall state that

meals are available to all participants without regard to race, color, national origin, sex, age or handicap.

(e)(1) Application for free and reduced-price meals.

(i) For the purpose of determining eligibility for free and reduced-price meals, institutions shall distribute applications for free and reduced-price meals to the families of participants enrolled in the institution. Sponsoring organizations of day care homes shall distribute applications for free and reduced-price meals to day care home providers who wish to enroll their own eligible children in the Program. At the request of a provider in a tier II day care home, sponsoring organizations of day care homes shall distribute applications for free and reduced-price meals to the households of all children enrolled in the home, except that applications need not be distributed to the households of enrolled children that the sponsoring organization determines eligible for free and reduced-price meals under the circumstances described in paragraph (e)(1)(vi) of this section. These applications, and any other descriptive material distributed to such persons, shall contain only the family-size income levels for reduced-price meal eligibility with an explanation that households with incomes less than or equal to these levels are eligible for free or reduced-price meals. Such forms and descriptive materials may not contain the income standards for free meals. However, such forms and materials distributed by child care institutions other than sponsoring organizations of day care homes shall state that, if a child is a member of a food stamp or FDPIR household or AFDC assistance unit, the child is automatically eligible to receive free Program meal benefits, subject to the completion of the application as described in paragraph (e)(1)(ii) of this section; such forms and materials distributed by sponsoring organizations of day care homes shall state that, if a child or a child's parent is participating in or subsidized under a Federally or State supported child care or other benefit program with an income eligibility limit that does not exceed the eligibility standard for free or reduced-price meals, meals served to the child are automatically eligible for tier I reimbursement, subject to the completion of the application as described in paragraph (e)(1)(ii) of this section, and shall list any programs identified by the State agency as meeting this standard; such forms and materials distributed by adult day care centers shall state that, if an adult participant is a member of a food stamp or FDPIR household or is a SSI or Medicaid participant, the adult participant is automatically eligible to receive free Program meal benefits, subject to the completion of the application as described in paragraph (e)(1)(iii) of this section. Sponsoring organizations of day care homes shall not make free and reduced-price eligibility information concerning individual households available to day care homes and shall otherwise limit the use of such information to persons directly connected with the administration and enforcement of the Program. However, sponsoring organizations may inform tier II day care homes of the number of identified income-eligible enrolled children. If a State agency distributes, or chooses to permit its sponsoring organizations to distribute, applications to the households of children enrolled in tier II day care homes which include household confidentiality waiver statements, such applications shall include a statement informing households that their participation in the program is not dependent upon signing the waivers. Furthermore, such forms and materials distributed by child care institutions shall

state that if a child is a Head Start participant, the child is automatically eligible to receive free Program meal benefits, subject to submission by Head Start officials of a Head Start statement of income eligibility or income eligibility documentation.

(ii) Except as provided in paragraph (e)(1)(iv) of this section, the application for children shall contain a request for the following information:

(A) The names of all children for whom application is made;

(B) The names of all other household members;

(C) The social security number of the adult household member who signs the application, or an indication that he/she does not possess a social security number;

(D) The income received by each household member identified by source of income (such as earnings, wages, welfare, pensions, support payments, unemployment compensation, social security, and other cash income received or withdrawn from any other source, including savings, investments, trust accounts, and other resources);

(E) A statement to the effect that "In certain cases, foster children are eligible for free and reduced-price meals regardless of household income. If such children are living with you and you wish to apply for such meals, please contact us.";

(F) A statement which includes substantially the following information: "Section 9 of the National School Lunch Act requires that, unless you provide a food stamp, FDPIR or AFDC case number for your child, or unless a Head Start statement of income eligibility or income eligibility verification is provided for your child, you must provide the social security numbers of all adult members of your household in order for your child to be eligible for free or reduced-price meals. This must be the social security number of the adult household member signing the application. If the adult household member signing the application does not possess a social security number, he/she must indicate so on the application. Provision of a social security number is not mandatory, but if a social security number is not provided or an indication is not made that the adult household member signing the application does not have one, the application cannot be approved. This notice must be brought to the attention of the household member whose social security number is disclosed. The social security number may be used to identify the household member in carrying out efforts to verify the correctness of information stated on the application. These verification efforts may be carried out through program reviews, audits, and investigations and may include contacting employers to determine income, contacting a food stamp, Indian tribal organization, welfare, or Head Start office to determine current certification for receipt of food stamps, FDPIR or AFDC benefits, or participation in Head Start, contacting the State employment security office to determine the amount of benefits received, and checking the documentation produced by household members to prove the amount of income received. These efforts may result in loss or reduction of benefits, administrative claims or legal action if incorrect information is reported." State agencies and institutions shall ensure that the notice complies with section 7 of Pub. L. 93-579. If a State or local agency plans to use the social security numbers for Program verification purposes in a manner not described by this notice, the notice shall be altered to include a description of those uses; and

(G) The signature of an adult member of the household which appears immediately below a statement that the person signing the application certifies

that all information furnished is true and correct; that the application is being made in connection with the receipt of Federal funds; that Program officials may verify the information on the application; and that the deliberate misrepresentation of any of the information on the application may subject the applicant to prosecution under applicable State and Federal criminal statutes.

(iii) Except as provided in paragraph (e)(1)(v) of this section, the application for adults shall contain a request for the following information:

(A) The names of all adults for whom application is made;

(B) The names of all other household members;

(C) The social security number of the adult household member who signs the application, or an indication that he/she does not possess a social security number;

(D) The income received by source of income (such as earnings, wages, welfare, pensions, support payments, unemployment compensation, social security, and other cash income received or withdrawn from any other source, including savings, investments, trust accounts and other resources);

(E) A statement which includes substantially the following information: "Section 9 of the National School Lunch Act requires that, unless a food stamp, or FDPIR case number or SSI or Medicaid assistance identification number is provided for the adult for whom benefits are sought, you must include a social security number on the application. This must be the social security number of the adult household member signing the application. If the adult household member signing the application does not possess a social security number, he/she must indicate so on the application. Provision of a social security number is not mandatory, but if a social security number is not provided or an indication is not made that the adult household member signing the application does not have one, the application cannot be approved. This notice must be brought to the attention of the household member whose social security number is disclosed. The social security number may be used to identify the household member in carrying out efforts to verify the correctness of information stated on the application. These verification efforts may be carried out through program reviews, audits and investigations and may include contacting employers to determine income, contacting a food stamp, Indian tribal organization or welfare office to determine current certification for receipt of food stamps or FDPIR benefits, contacting the issuing office of SSI or Medicaid benefits to determine current certification for receipt of these benefits, contacting the State employment security office to determine the amount of benefits received, and checking the documentation produced by household members to provide the amount of income received. These efforts may result in loss or reduction of benefits, administrative claims or legal action if incorrect information is reported." State agencies and institutions shall ensure that the notice complies with section 7 of Pub. L. 93-579. If a State or local agency plans to use the social security numbers for CCFP verification purposes in a manner not described by this notice, the notice shall be altered to include a description of those uses; and

(F) The signature of an adult member of the household which appears immediately below a statement that the person signing the application certifies that all information furnished is true and correct; that the application is being made in connection with the receipt of Federal funds; that Program officials may verify the information on the application; and that the deliberate

misrepresentation of any of the information on the application may subject the applicant to prosecution under applicable State and Federal criminal statutes.

(iv) If they so desire, households applying on behalf of children who are members of food stamp or FDPIR households or AFDC assistance units may apply under this paragraph rather than under the procedures described in paragraph (e)(1)(ii) of this section. In addition, households of children enrolled in tier II day care homes who are participating in a Federally or State supported child care or other benefit program with an income eligibility limit that does not exceed the eligibility standard for free and reduced-price meals may apply under this paragraph rather than under the procedures described in paragraph (e)(1)(ii) of this section. Households applying on behalf of children who are members of food stamp or FDPIR households; AFDC assistance units; or for children enrolled in tier II day care homes, other qualifying Federal or State program, shall be required to provide:

(A) For the child(ren) for whom automatic free meal eligibility is claimed, their names and food stamp, FDPIR, or AFDC case number; or for the households of children enrolled in tier II day care homes, their names and other program case numbers (if the program utilizes case numbers); and

(B) The signature of an adult member of the household as provided for in paragraph (e)(1)(ii)(G) of this section. In accordance with paragraph (e)(1)(ii)(F) of this section, if a case number is provided, it may be used to verify the current certification for the child(ren) for whom free meal benefits are claimed. Whenever households apply for children not receiving food stamp, FDPIR, or AFDC benefits; or for tier II homes, other qualifying Federal or State program benefits, they must apply in accordance with the requirements set forth in paragraph (e)(1)(ii) of this section.

(v) If they so desire, households applying on behalf of adults who are members of food stamp or FDPIR households or SSI or Medicaid participants may apply for free meal benefits under this paragraph rather than under the procedures described in paragraph (e)(1)(iii) of this section. Households applying on behalf of adults who are members of food stamp or FDPIR households or SSI or Medicaid participants shall be required to provide:

(A) The names and food stamp or FDPIR case numbers or SSI or Medicaid assistance identification numbers of the adults for whom automatic free meal eligibility is claimed; and

(B) The signature of an adult member of the household as provided in paragraph (e)(1)(iii)(F) of this section. In accordance with paragraph (e)(1)(iii)(G) of this section, if a food stamp or FDPIR case number or SSI or Medicaid assistance identification number is provided, it may be used to verify the current food stamp, FDPIR, SSI, or Medicaid certification for the adult(s) for whom free meal benefits are being claimed. Whenever households apply for benefits for adults not receiving food stamp, FDPIR, SSI, or Medicaid benefits, they must apply in accordance with the requirements set forth in paragraph (e)(1)(iii) of this section.

(vi) A sponsoring organization of day care homes may identify enrolled children eligible for free and reduced-price meals (i.e., tier I rates), without distributing free

and reduced-price applications, by documenting the child's or household's participation in or receipt of benefits under a Federally or State supported child care or other benefit program with an income eligibility limit that does not exceed the eligibility standard for free and reduced-price meals. Documentation shall consist of official evidence, available to the tier II day care home or sponsoring organization, and in the possession of the sponsoring organization, of the household's participation in the qualifying program.

(2) Letter to households. Institutions shall distribute a letter to households or guardians of enrolled participants in order to inform them of the procedures regarding eligibility for free and reduced-price meals. The letter shall accompany the application required under paragraph (e)(1) of this section and shall contain:

(i) The income standards for reduced-price meals, with an explanation that households with incomes less than or equal to the reduced-price standards would be eligible for free or reduced-price meals (the income standards for free meals shall not be included in letters or notices to such applicants);

(ii) How a participant's household may make application for free or reduced-price meals;

(iii) An explanation that an application for free or reduced-price benefits cannot be approved unless it contains complete "documentation" as defined in Sec. 226.2.

(iv) The statement: "In the operation of child feeding programs, no person will be discriminated against because of race, color, national origin, sex, age, or handicap";

(v) A statement to the effect that participants having family members who become unemployed are eligible for free or reduced-price meals during the period of unemployment, provided that the loss of income causes the family income during the period of unemployment to be within the eligibility standards for those meals;

(vi) Except in the case of adult participants, a statement to the effect that in certain cases foster children are eligible for free or reduced-price meals regardless of the income of such household with whom they reside and that households wishing to apply for such benefits for foster children should contact the institution; and

(vii) An explanation that households receiving free and reduced-price meals must notify appropriate institution officials during the year of any decreases in household size or increases in income of over \$50 per month or \$600 per year or-

(A) In the case of households of enrolled children that provide a food stamp, FDPIR or AFDC case number to establish a child's eligibility for free meals, any termination in the child's certification to participate in the Food Stamp, FDPIR or AFDC Programs, or

(B) In the case of households of adult participants that provide a food stamp or FDPIR case number or an SSI or Medicaid assistance identification number to establish an adult's eligibility for free meals, any termination in the adult's certification to participate in the Food Stamp, FDPIR, SSI or Medicaid Programs.

(3) In addition to the information listed in paragraph (e)(2) of this section pricing institutions must include in their letter to household an explanation that indicates that: (i) The information in the application may be verified at any time during the year; and (ii) how a family may appeal a decision of the institution to

deny, reduce, or terminate benefits as described under the hearing procedure set forth in paragraph (c)(4) of this section.

(4) Determination of eligibility. The institution shall take the income information provided by the household on the application and calculate the household's total current income. When a completed application furnished by a family indicates that the family meets the eligibility criteria for free or reduced-price meals, the participants from that family shall be determined eligible for free or reduced-price meals. Institutions that are pricing programs shall promptly provide written notice to each family informing them of the results of the eligibility determinations. When the information furnished by the family is not complete or does not meet the eligibility criteria for free or reduced-price meals, institution officials must consider the participants from that family as not eligible for free or reduced-price meals, and must consider the participants as eligible for ``paid'' meals. When information furnished by the family of participants enrolled in a pricing program does not meet the eligibility criteria for free or reduced-price meals, pricing program officials shall provide written notice to each family denied free or reduced-price benefits. At a minimum, this notice shall include:

(i) The reason for the denial of benefits, e.g., income in excess of allowable limits or incomplete application;

(ii) Notification of the right to appeal;

(iii) Instructions on how to appeal; and

(iv) A statement reminding the household that they may reapply for free or reduced-price benefits at any time during the year, The reasons for ineligibility shall be properly documented and retained on file at the institution.

(5) Appeals of denied benefits. A family that wishes to appeal the denial of an application in a pricing program shall do so under the hearing procedures established under paragraph (c)(4) of this section. However, prior to initiating the hearing procedures, the household may request a conference to provide all affected parties the opportunity to discuss the situation, present information and obtain an explanation of the data submitted on the application or the decision rendered. The request for a conference shall not in any way prejudice or diminish the right to a fair hearing. The institution shall promptly schedule a fair hearing, if requested.

(f) Free, reduced-price and paid meal eligibility figures must be reported by institutions to State agencies at least once each year and shall be based on current family-size and income information of enrolled participants. Such information shall be no more than 12 months old.

(g) Sponsoring organizations for family day care homes shall ensure that no separate charge for food service is imposed on families of children enrolled in participating family day care homes.

(h) Verification of eligibility. State agencies shall conduct verification of eligibility for free and reduced-price meals on an annual basis, in accordance with the verification procedures outlined in paragraphs (h) (1) and (2) of this section. Verification may be conducted in accordance with Program assistance requirements of Sec. 226.6(l); however, the performance of verification for individual institutions shall occur no less frequently than once every four years. Any State may, with the written approval of FNSRO, use alternative approaches in the conduct of verification, provided that the results achieved meet the

requirements of this part. If the verification process discloses deficiencies with the determination of eligibility and/or application procedures which exceed maximum levels established by FNS, State agencies shall conduct follow-up reviews for the purpose of determining that corrective action has been taken by the institution. These reviews shall be conducted within one year of the date the verification process was completed. The verification effort shall be applied without regard to race, color, national origin, sex, age, or handicap. State agencies shall maintain on file for review a description of the annual verification to be accomplished in order to demonstrate compliance with paragraphs (h) (1) and (2) of this section.

(1) Verification procedures for non-pricing programs. Except for sponsoring organizations of family day care homes, State agency verification procedures for non-pricing programs shall consist of a review of all approved free and reduced-price applications on file. For sponsoring organizations of family day care homes, State agency verification procedures shall consist of a review only of the approved free and reduced-price applications (or other documentation, if vouchers or other documentation are used in lieu of free and reduced-price applications) on file for those day care homes that are required to be reviewed when the sponsoring organization is reviewed, in accordance with the review requirements set forth in section 226.6(l) of this Part. However, the State agency shall ensure that the day care homes selected for review are representative of the proportion of tier I, tier II, and tier II day care homes with a mix of income-eligible and non-income-eligible children in the sponsorship, and shall ensure that at least 10 percent of all free and reduced-price applications (or other documentation, if applicable) on file for the sponsorship are verified. The review of applications shall ensure that:

- (i) The application has been correctly and completely executed by the household;
- (ii) The institution has correctly determined and classified the eligibility of enrolled participants for free or reduced-price meals or, for family day care homes, for tier I or tier II reimbursement, based on the information included on the application submitted by the household;
- (iii) The institution has accurately reported to the State agency the number of enrolled participants meeting the criteria for free or reduced-price meal eligibility or, for day care homes, the number of participants meeting the criteria for tier I reimbursement, and the number of enrolled participants that do not meet the eligibility criteria for those meals; and
- (iv) In addition, the State agency may conduct further verification of the information provided by the household on the approved application for program meal eligibility. If this effort is undertaken, the State agency shall conduct this further verification for non-pricing programs in accordance with the procedures described in paragraph (h)(2) of this section.

(2) Verification procedures for pricing programs. (i) For pricing programs, in addition to the verification procedures described in paragraph (h)(1) of this section, State agencies shall also conduct verification of the income information provided on the approved application for free and reduced-price meals and, at State agency discretion, verification may also include confirmation of other information required on the application. However,

(A) If a food stamp, FDPIR or AFDC case number is provided for a child, verification for such child shall include only confirmation that the child is included

in a currently certified food stamp or FDPIR household or AFDC assistance unit;
or

(B) If a food stamp or FDPIR case number or SSI or Medicaid assistance identification number is provided for an adult, verification for such adult shall include only confirmation that the adult is included in a currently certified food stamp or FDPIR household or is currently certified to receive SSI or Medicaid benefits.

(ii) State agencies shall perform verification on a random sample of no less than 3 percent of the approved free and reduced-price applications in an institution which is a pricing program.

(iii) Households shall be informed in writing that they have been selected for verification and they are required to submit the requested verification information to confirm their eligibility for free or reduced-price benefits by such date as determined by the State agency. Those households shall be informed of the type or types of information and/or documents acceptable to the State agency and the name and phone number of an official who can answer questions and assist the household in the verification effort. This information must include a social security number for each adult household member or an indication that he/she does not have one. State agencies shall inform selected households that:

(A) Section 9 of the National School Lunch Act requires that, unless households provide the child's food stamp, FDPIR or AFDC case number, or the adult participant's food stamp or FDPIR case number or SSI or Medicaid assistance identification number, those selected for verification must provide the social security number of each adult household member;

(B) In lieu of providing a social security number, an adult household member may indicate that he/she does not possess one;

(C) Provision of a social security number is not mandatory, but if a social security number is not provided for each adult household member or an indication is not made that he/she does not possess one, benefits will be terminated;

(D) The social security number may be used to identify household members in carrying out efforts to verify the correctness of information stated on the application and continued eligibility for the program. These verification efforts may be carried out through program reviews, audits, and investigations and may include contacting employers to determine income, contacting Federal, State or local agencies to determine current certification for receipt of food stamps or FDPIR, AFDC, SSI or Medicaid benefits, contacting the State employment security office to determine the amount of benefits received, and checking the documentation produced by household members to prove the amount of income received. These efforts may result in loss or reduction of benefits, administrative claims or legal actions if incorrect information was reported; and

(E) This information must be provided to the attention of each adult household member disclosing his/her social security number. State agencies shall ensure that the notice complies with section 7 of Pub. L. 93-579 (Privacy Act of 1974). These households shall be provided with the name and phone number of an official who can assist in the verification effort.

(iv) Households of enrolled children selected for verification shall also be informed that if they are currently certified to participate in the Food Stamp,

FDPIR, or AFDC Program they may submit proof of that certification in lieu of income information. In those cases, such proof shall consist of a current "Notice of Eligibility" for Food Stamp, FDPIR, or AFDC Program benefits or equivalent official documentation issued by a food stamp, Indian Tribal Organization, or welfare office which shows that the children are members of households or assistance units currently certified to participate in the Food Stamp, FDPIR, or AFDC Programs. An identification card for any of these programs is not acceptable as verification unless it contains an expiration date. Households of enrolled adults selected for verification shall also be informed that if they are currently certified to participate in the Food Stamp Program or FDPIR or SSI or Medicaid Programs, they may submit proof of that certification in lieu of income information. In those cases, such proof shall consist of:

(A) A current "Notice of Eligibility" for Food Stamp or FDPIR benefits or equivalent official documentation issued by a food stamp, Indian Tribal Organization, or welfare office which shows that the adult participant is a member of a household currently certified to participate in the Food Stamp Program or FDPIR. An identification card is not acceptable as verification unless it contains an expiration date; or

(B) Official documentation issued by an appropriate SSI or Medicaid office which shows that the adult participant currently receives SSI or Medicaid assistance. An identification card is not acceptable as verification unless it contains an expiration date. All households selected for verification shall be advised that failure to cooperate with verification efforts will result in a termination of benefits.

(v) Sources of information for verification may include written evidence, collateral contacts, and/or systems of records.

(A) Written evidence shall be used as the primary source of information for verification. Written evidence includes written confirmation of a household's circumstances, such as wage stubs, award letters, letters from employers, and, for enrolled children, current certification to participate in the Food Stamp, FDPIR or AFDC Programs, or, for adult participants, current certification to participate in the Food Stamp, FDPIR, SSI or Medicaid Programs. Whenever written evidence is insufficient to confirm eligibility, the State agency may use collateral contacts.

(B) Collateral contact is a verbal confirmation of a household's circumstances by a person outside of the household. The collateral contact may be made in person or by phone and shall be authorized by the household. The verifying official may select a collateral contact if the household fails to designate one or designates one which is unacceptable to the verifying official. If the verifying official designates a collateral contact, the contact shall not be made without providing written or oral notice to the household. At the time of this notice, the household shall be informed that it may consent to the contact or provide acceptable verification in another form. The household shall be informed that its eligibility for free or reduced-price meals shall be terminated if it refuses to choose one of these options. Termination shall be made in accordance with paragraph (h)(2)(vii) of this section. Collateral contacts could include employers, social service agencies, and migrant agencies.

(C) Systems of records to which the State agency may have routine access are not considered collateral contacts. Information concerning income, family size, or food stamp/FDPIR/AFDC certification for enrolled children, or food

stamp/FDPIR/SSI/Medicaid certification for enrolled adults, which is maintained by other government agencies and to which a State agency can legally gain access may be used to confirm a household's eligibility for Program meal benefits. One possible source could be wage and benefit information maintained by the State unemployment agency, if that information is available. The use of any information derived from other agencies must be used with applicable safeguards concerning disclosure.

(vi) Verification by State agencies of receipt of food stamps, FDPIR, AFDC, SSI or Medicaid benefits shall be limited to a review to determine that the period of eligibility is current. If the benefit period is found to have expired, or if the household's certification has been terminated, the household shall be required to document their income eligibility.

(vii) The State agency may work with the institution to verify the documentation submitted by the household on the application; however, the responsibility to complete the verification process may not be delegated to the institution.

(viii) If a household refuses to cooperate with efforts to verify, or the verification of income indicates that the household is ineligible to receive benefits or is eligible to receive reduced benefits, the State agency shall require the pricing program institution to terminate or adjust eligibility in accordance with the following procedures. Institution officials shall immediately notify families of the denial of benefits in accordance with paragraphs (e)(4) and (e)(5) of this section. Advance notification shall be provided to families which receive a reduction or termination of benefits 10 calendar days prior to the actual reduction or termination. The 10-day period shall begin the day the notice is transmitted to the family. The notice shall advise the household of: (A) The change; (B) the reasons for the change; (C) notification of the right to appeal the action and the date by which the appeal must be requested in order to avoid a reduction or termination of benefits; (D) instructions on how to appeal; and (E) the right to reapply at any time during the year. The reasons for ineligibility shall be properly documented and retained on file at the institution.

(ix) When a household disagrees with an adverse action which affects its benefits and requests a fair hearing, benefits shall be continued as follows while the household awaits the hearing:

(A) Households which have been approved for benefits and which are subject to a reduction or termination of benefits later in the same year shall receive continued benefits if they appeal the adverse action within the 10-day advance notice period; and

(B) Households which are denied benefits upon application shall not received benefits.

(3) State agencies shall inform institution officials of the results of the verification effort and the action which will be taken in response to the verification findings. This notification shall be made in accordance with the procedures outlined in Sec. 226.14(a).

(4) If the verification results disclose that an institution has inaccurately classified or reported the number of participants eligible for free, reduced-price or paid meals, the State agency shall adjust institution rates of reimbursement

retroactive to the month in which the incorrect eligibility figures were reported by the institution to the State agency.

(5) If the verification results disclose that a household has not reported accurate documentation on the application which would support continued eligibility for free or reduced-price meals, the State agency shall immediately adjust institution rates of reimbursement. However, this rate adjustment shall not become effective until the affected households have been notified in accordance with the procedures of paragraph (h)(2)(vi) of this section and any ensuing appeals have been heard as specified in paragraph (h)(2)(viii) of this section.

(6) Verification procedures for sponsoring organizations of day care homes. Prior to approving an application for a day care home that qualifies as tier I day care home on the basis of the provider's household income, sponsoring organizations of day care homes shall conduct verification of such income in accordance with the procedures contained in paragraph (h)(2)(i) of this section. Sponsoring organizations of day care homes may verify the information on applications submitted by households of children enrolled in day care homes in accordance with the procedures contained in paragraph (h)(2)(i) of this section.

[47 FR 36527, Aug. 20, 1982, as amended at 49 FR 14078, Apr. 10, 1984; 50 FR 19310, May 8, 1985; 50 FR 20197, May 15, 1985; 52 FR 36907, Oct. 2, 1987; 53 FR 52594, Dec. 28, 1988; Amdt. 22, 55 FR 1378, Jan. 14, 1990; 61 FR 25555, May 22, 1996; 62 FR 904, Jan. 7, 1997; 62 FR 5519, Feb. 6, 1997; 62 FR 23619, May 1, 1997; 63 FR 9105, Feb. 24, 1998; 63 FR 9729, Feb. 26, 1998]

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